

GOVERNMENT OF SAURASHTRA



REPORT
OF
THE AGRICULTURAL
DEBT INQUIRY COMMITTEE
SAURASHTRA

1953

Rs. 1-3-0

X9(J):6.28158.N53t
J3
062007

SAURASHTRA GOVERNMENT PRESS - RAJKOT.

GOVERNMENT OF SAURASHTRA



REPORT
OF
THE AGRICULTURAL
DEBT INQUIRY COMMITTEE
SAURASHTRA

1953.

TABLE OF CONTENTS

CHAPTERS

No.	Subject.	Paras.
I.	Introductory	1—9
II.	Physical and Economic Features of Saurashtra...	10—31
III.	Agrarian Conditions in Saurashtra before Integration of States	32—51
IV.	Pre-Integration Debt Inquiries and Finance ...	52—67
V.	New Phase of Rural Economy in Saurashtra ...	68—90
VI.	Agrarian Reforms Legislation and its Sequel ...	91—100
VII.	The Land Problem	101—110
VIII.	Indebtedness among Agriculturists ; Dues to Government and Co-operative Institutions etc ...	111—123
IX.	Sample Survey	124—132
X.	Indebtedness & its Causes : Repaying Capacity ...	133—145
XI.	Sources of Loan ; Agricultural Finance ...	146—161
XII.	Debt Relief Legislation	162—171
XIII.	Mode of payment of Adjusted Debts ...	172—184
XIV.	Money-Lending Regulation	185—195
XV.	Cognate Matters	196—207
XVI.	Summary of Conclusions and Recommendations ...	1—50

APPENDICES.

No.	Subject.	Relevant Paras of the Report.
I.	Questionnaire	4
II.	Names and Types of Villages surveyed ...	7, 125
III.	Population of Saurashtra	25, 28, 30
IV.	Statistical and General Information regarding five principal States of Kathiawar ...	50
V.	Districtwise Statement of Gram-Panchayat in Saurashtra	76
VI.	Districtwise Statement of Co-operative Societies in Saurashtra	77
VII.	Classification of Co-operative Societies in Saurashtra.	77
VIII.	Extract from the Report of Enquiry into the conditions of Agricultural Labour ...	80, 130
IX.	Extract from the Note on Socio-Economic conditions in Community Project Area ...	81, 127, 129
X.	Districtwise Statement showing disposal of applications for allotment of land for personal cultivation	99
XI.	Financial Aspects regarding Implementation of Land Reforms & Barkhali Abolition Acts.	99
XII.	Districtwise Statement of demands for loans from the Land Mortgage Bank ...	99

1	2	3
XIII.	Persons left with uneconomic holdings— Progress Report re.—	100
XIV.	Sizes of Agricultural holdings	105
XV.	Statistics relating to Alienations of Agricultural Land	107
XVI.	Statement showing Tagavi advances during 1951-52.	116
XVII.	Statement of loan operations of Co-operative Societies.	122
XVIII.	Some heavily indebted garasdar families of Limli.	131
XIX.	Indebtedness among agriculturist families examined in Sample Survey.	132
XX.	Synopsis of Essential Features of Khedut Protection Acts of some of the former States of Kathiawar	166

No. Rev./IV/ A.D.I.C. Report.

AGRICULTURAL DEBT INQUIRY COMMITTEE,
GOVERNMENT OF SAURASHTRA,
Rajkot, 4th August 1953.

From,

The CHAIRMAN,
Agricultural Debt Inquiry Committee,
Government of Saurashtra,
RAJKOT.

To,

The CHIEF SECRETARY,
The SECRETARY REVENUE DEPARTMENT,
Government of Saurashtra,
RAJKOT.

SIR,

I have the honour to submit the Agricultural Debt Inquiry Committee's Report together with two spare copies.

2. The Committee regrets to say that submission of the Report is inordinately delayed. The Government is aware that as non-official members of the Committee appointed in May 1952 could not make it convenient to meet for some time, a proposal was made for additional non-official members. The Government was pleased to approve of the proposal and appoint additional non-official members some time in February, 1953.

3. The Committee was all the time feeling that although it was required under its Terms of Reference to investigate the problem of indebtedness among agriculturists with *special reference to the Garasdari problem*, response from Garasdari quarters to the Questionnaire issued by the Committee was practically nil for some time; the reason was obvious. But as soon as it was possible in February 1953 to enlist their

Government was not able to secure the services of an officer from the Reserve Bank of India or the Government of India, the Committee was reconstituted under Government Notification No. Rev/IV/57/14-(4), dated the 2nd May 1952. The Committee was subsequently enlarged and it finally stood as under :—

Shri B. S. Raghavendrarao, M. A. (Hons),

Secretary, Finance Department,

Government of Saurashtra

... Chairman

Members.

Shri T. L. Shah, I. A. S., Secretary, Revenue Department,
Government of Saurashtra.

Shri R. N. Trivedi, B. A. (Hons), Joint Registrar, Co-operative
Societies, Bombay.

Shri N. M. Surati, B.A., LL.B., Retd. Naib Dewan of the
former Bhavnagar State.

Shri Jorawarsinhji Chandrasinhji Rana of Ankewalia.

Shri Kantilal L. Hathi, B.A. LL.B., Advocate.

Shri H. H. Trivedi, B.A, LL.B., Registrar, Co-operative
Societies & Chief Panchayat Officer, Saurashtra, Rajkot.

Shri L. N. Thacker, M.A, Director, Planning & Statistics,
Saurashtra, Rajkot.

Shri V. C. Joshipara was appointed Secretary to the
Committee with effect from 1st April, 1952.

3. The Committee's Terms of Reference as embodied in
Government letter No. RD/IV/4614, dated 26th February 1952,
and as amended by letter No. RD/IV/87/14-A, dated 2nd
July 1952, are as under :—

“The Committee will—

I. investigate, by a sample survey on a general basis

with special reference to the Girasdari problem, the question of indebtedness amongst agriculturists including the occupants and their tenants as well as girasdars, barkhalidars and their tenants and sub-tenants if any, prior to the enactment of the Saurashtra Land Reforms Act and the Saurashtra Barkhali Abolition Act and thereafter ;

II. investigate and indicate—

- (1) causes of indebtedness ;
- (2) nature of debt and sources of loan ;
- (3) money lending agencies, their method of doing business, rates of interest and other charges ; and
- (4) the repaying capacity of the debtors ;

III. suggest remedial measures for relief, conciliation and scaling down of present debts, control of money lending and/or alternate agencies to meet the credit requirements of agricultural classes ;

IV. investigate and report on matters cognate to those mentioned in I, II and III above ; and

V. suggest necessary legislation. "

4. The Committee began its work on 25th April 1952, and a preliminary meeting was held on that date. A detailed and comprehensive Questionnaire given as Appendix I was drawn up at the Committee's subsequent meeting held from 9th to 11th June, 1952.

5. The questionnaire was issued to persons and associations interested in this problem. Press notes inviting the public to co-operate by sending their replies to the questionnaire were simultaneously published in the State Gazette and newspapers, the last date for sending replies being 31st July, 1952.

6. There was encouraging response from various quarters and suggestions were also received for extension of time for receiving replies. Time was accordingly extended to 31st August,

1952. In all 135 replies were received. Important persons such as Members of the Legislative Assembly, high officers of the State, experienced retired officers, representatives of gram-panchayats, co-operative societies etc. gave very useful replies. The Committee also had the benefit of oral evidence of several witnesses. In all 30 witnesses were examined.

The Government of Saurashtra also gave a well-considered Memorandum through the Secretary, Revenue Department.

7. As the Terms of Reference required the Committee to investigate, by a 'sample survey' on a general basis with special reference to the Garasdari problem, the question of indebtedness, it was decided to undertake a sample survey in selected villages, and with a view to ensure scientific economic survey, Professor C. N. Vakil Director, School of Economics and Sociology, University of Bombay, was requested to send trained Investigators for this work. He kindly acceded to the request and deputed three Investigators for the purpose. These Investigators commenced their work in July and completed the sample survey in the selected representative villages in all the five districts mentioned in Appendix II in three months.

8. The Committee would have liked to have extended the work of the sample survey to a larger number of villages but the shortage of personnel and want of time prevented it from doing so. The survey, however, even of a limited number of villages has given very valuable data for arriving at our conclusions and making recommendations. The Committee had also the opportunity of paying a visit to Bhumbbli, one of the surveyed villages in Gohilwad district and discussing the problem with the local people.

9. The Committee was to have submitted its report by 30th September 1952, but as the problem was a very difficult one and as there was no data before the Committee which could be relied upon for making recommendations to Government, the Committee had to request for extensions of time for submitting its report.

CHAPTER II.

PHYSICAL AND ECONOMIC FEATURES OF SAURASHTRA

10. The physical features of any region have an important bearing on its economy and the problem under investigation. We, therefore, propose to give a general survey of the physical and economic features of Saurashtra before dealing with the agrarian conditions.

11 Saurashtra is a peninsula on the west coast of India between 20.40' and 23.25' North Latitude and 69 5' and 70.20' East Longitude. It is bounded on the south and the south-west by the Arabian Sea, on the north-west by the gulf of Kutch and on the east by the gulf of Cambay and the mainland of India. Further north is the 'Rann' of Kutch.

12. The State on its emergence as the United State of Saurashtra consequent on the merger of 222 States commenced functioning in February, 1948. It was thus for the first time that the entire area of 21,062 square miles with a population of 3,556 millions came under one administration and had the benefit of one Government. The area of this State has since then undergone some changes because of the exchange of enclaves and consequential absorption between the States of Saurashtra and Bombay under the Provinces and States (Absorption of Enclaves) Order, 1950. The area of the State as recorded in the 1951 census is 21,451 square miles with a population of 41,37,359.

Situated as a peninsula in the Arabian Sea, Saurashtra's physical features suggest that it might have once been an island or a group of islands of volcanic origin. With the exception of the Thanga and Mandav hills in the west of the district of Zalawad and some small hills in the district of Halar, the northern portion of the State is flat. But in the south, from the neighbourhood of Ghoga, the Gir range runs almost parallel to the coast and at a distance of about 20 miles from it,

along the north of Babariawad situated in the district of Gobilwad, and passes through the district of Sorath in the neighbourhood of Mount Girnar which has a height of 3,500 feet.

13. Saurashtra has hardly any perennial rivers. The principal river in the State is Bhadar which rises in the Madava hills and flowing south-west enters the sea at Navibandar after a course of about 110 miles. Large stretches of agricultural land along the banks of this river known as *Nagher* are very fertile. Although there are occasional washaways, rich alluvial soil is being formed all along the extensive banks of this, the longest river in the State. Among other rivers in the State may be mentioned the Manj passing by Upleta, the Machhu passing by Morvi, the Ozat becoming confluent with the Bhadar near about the village Mabiari and the Shetrunji near Palitana which has a romantic scenery.

14. The State has a forest area of about 925 square miles of which 565 square miles constitute reserved and 360 square miles unclassified forest.

15. The State of Saurashtra can appropriately be said to be a maritime state having about 700 miles of coastline with important ports, such as, Bedi Bunder, Sikka, Navalakhi, Bhavnagar, Veraval and Porbandar. Recent surveys have shown that the coast of Saurashtra is rich in fish.

16. These ports are connected by a network of railway lines, now a part of the Western Railway zone, covering a length of about 1,100 miles. The railway caters for overseas trade as well as the trade of the extensive hinterland of India.

17. The State is also one of the largest and richest salt producing areas of India. At the end of the year 1951-52 there were 9 major Salt Works on the sea coast of Saurashtra. The production of salt has increased from 2,79,525 tons to 7,38,853 tons during the last 5 years.

18. The result of the geological survey made so far shows that the State has not much of mineral resources. The chief minerals are building stone, limestone, gypsum etc. which account for the existence of some flourishing Cement Works in the State. The availability of these raw materials has also contributed to the establishment of noteworthy Chemical Industries.

19. The mean annual rainfall in the State is less than 30 inches. The average rainfall in some parts of the State, however, varies between 10 and 25 inches. The chief characteristics of the rainfall are its unequal and irregular distribution over the State and its serious recurring deficiency in some part or the other if not the whole State. The northern zone of the State comprising the districts of Zalawad and Halar compares unfavourably with the southern zone comprising the districts of Gohilwad and Sorath in respect both of rainfall and fertility of soil.

The State's sources of water supply have not so far been fully harnessed for the benefit of agriculture. The bigger rivers in the State are serviceable in conserving subsoil water in their immediate vicinity. At present only a small portion of available river water is utilised for agricultural purposes and much of it goes to waste, occasionally causing damage through floods. Subsoil water is being used for irrigation purposes by means of ordinary percolation wells, but owing to frequent deficiency of rainfall, there is usually the need for deepening them.

As in several other parts of India, soil erosion in Saurashtra is an evil of no small magnitude which needs to be combated by bunding or terracing of cultivated lands and afforestation of lands lying in upper catchment areas in the hills.

On an average in a cycle of ten years the State generally passes through a couple of years of scarcity if not famine as

against a year or two of good harvest and the rest of moderate agricultural returns. The State of Saurashtra has already encountered during the last five years, two years of widespread scarcity.

20. The State is largely agricultural, the principal cultivating classes engaged in agriculture being Kunbis, Sathwaras, Rajputs, Ahirs, Mehars, Kolis, Brahmins, Momnas, Ghanchis, Sindhis, Jats and Mianas.

21. The main agricultural products of the State are Bajri, Jowar, Wheat, Cotton and Groundnuts. Paddy crop is also coming into noteworthy prominence, the output having increased tenfold in a short space of time.

The total acreage of agricultural land in the State is about 92 lacs acres.

22. Out of the population of 41,37,359, 27,44,198 is rural and 13,93,161 urban. The percentage of rural population to the total population is 66.33.

23. A conspicuous feature of the last census was the emphasis it laid on the enquiries into the socio-economic condition of the people as disclosed from the information collected in regard to the principal means of livelihood of the rural and urban population. For census purposes, the population was divided into the following eight main classes on the basis of livelihood :—

AGRICULTURAL CLASSES.

- I. Cultivators of land, wholly or mainly owned and their dependents.
- II. Cultivators of land, wholly or mainly unowned and their dependents.
- III. Cultivating labourers and their dependents.
- IV. Non-cultivating owners of land, agricultural rent-receivers and their dependents.

NON-AGRICULTURAL CLASSES.

Persons (including dependents) who derive their principal means of livelihood from :—

- V. Production other than cultivation.
- VI. Commerce.
- VII. Transport.
- VIII. Other services and miscellaneous sources.

Class V includes herdsmen, cattle-keepers and shepherds and those following pastoral occupations ancillary to agriculture.

24. In our inquiry, we are concerned mainly with classes I to IV and to a certain extent with Class V. We are also concerned with a small portion of the class representing village traders and money lenders.

25. According to the census report, for every 10,000 of the rural population, 4,487 represent cultivators of land wholly or mainly owned by them ; 1,204 represent cultivators of land wholly or mainly unowned ; 526 represent cultivating labourers and 228 non-cultivating owners of agricultural land and rent-receivers. For every 10,000 of the urban population, the numbers in the four livelihood classes mentioned above are 893, 105, 81 and 74 respectively (Appendix III). This pattern is undergoing a change in the implementation of agrarian reforms.

26. Contrary to general expectations, the livelihood pattern of Saurashtra differs from that of Bombay by reason of its greater dependence on non-agricultural means of livelihood. 46.63 per cent. of the population in the State of Saurashtra recorded at the last census was principally dependent on livelihood classes I to IV, whereas in the State of Bombay 61.46 per cent. of the population was recorded as dependent on agriculture. 53.37 per cent. of the population of Saurashtra was recorded at the last census as belonging to the non-agricultural classes, while in Bombay the corresponding percentage was 38.54. In its dependence on non-agricultural

means of livelihood, Saurashtra resembles Kutch, where out of every 10,000 of the rural population, 3,346, 1,145, 344 and 186 fall into the first four livelihood classes, respectively. From the figures mentioned above, however, it should not be inferred that Saurashtra is more industrialised than Bombay. In the first place, quite a large percentage of the total population is included in Class V relating to pastoral occupation. The total rural population in Class V is 3,17,317. Kathiawar, by which name the peninsula was known for over two centuries before integration, was well known for its excellent breed of cattle and although this breed, has, of late deteriorated for a variety of reasons, there is still a class of cattle breeders known as *maldharis* who have stuck to the pastoral occupation in different parts of the State.

The low percentage of agricultural population is also explained by the fact that Saurashtra has a large number of small towns. The growth of these small towns was mainly due to the fact that Saurashtra had, in the past, a number of small states each of which had its capital which grew up into a small town.

27. The average density of population in Saurashtra is 192.92 per square mile as against 323 per square mile in Bombay. The average density of the population in India is 313 per square mile. Saurashtra is thus comparatively sparsely populated.

28. Table C in Appendix III shows the percentage of literacy both for urban and rural population. For the urban population the percentage of literacy is 34.09, while that for the rural population is 11.34 only. The percentage of literacy among owner cultivators is 9.43, that among tenant cultivators is 5.17 and that among agricultural labourers is 4.19 only.

29. The number of persons who returned their principal means of livelihood as money-lending, banking and other

financial business is reported to be as follows :—

(1) Gohilwad	...	420
(2) Halar	...	549
(3) Madhya Saurashtra	...	1,260
(4) Sorath	...	1,658
(5) Zalawad	...	754
		<hr/>
Total	...	4,641

30. Although the bulk of population is rural and is employed in agriculture, the percentage of self-supporting persons amongst the agricultural classes is only 23.21 and the percentage of earning dependents is 26.66, while the percentage of non-earning dependents in the same class is as large as 50.13. (Table B in Appendix III). The percentage of literacy among agricultural classes exclusive of the class of landlords is small, being 6.27 only. These particulars show that the cultivators in Saurashtra are generally illiterate, that they are surrounded by a large number of non-earning dependents and that they are toiling on their fields under conditions which are not very favourable.

31. These factors combined with others, such as, diverse and defective land systems in the former States, usurious practices of money-lenders, absence of agencies providing institutional credit etc., which are being mentioned in the following Chapter, are largely responsible for the growth of agricultural indebtedness.

CHAPTER III

AGRARIAN CONDITIONS IN SAURASHTRA BEFORE
INTEGRATION OF STATES.

32. We propose, in this Chapter, to trace the genesis of the feudal order which prevailed in Kathiawar, to review its land systems and their bearing on rural economy and to refer to the ameliorative measures which were undertaken in some States of Kathiawar before integration.

33. The terms 'Girasdar' and 'Barkhalidar' are defined as under in the Saurashtra Land Reforms Act XXV of 1951 and Barkhali Abolition Act XXVI of 1951 respectively.

'Girasdar' means any talukdar, bhagdar, bhayat, cadet or mulgarasia, and includes any person whom the Government may, by notification in the official Gazette, declare to be a 'Girasdar' for the purposes of this Act.

'Barkhalidar' means a person who holds a tenure as Barkhalidar, Jiwardar, Chakariyat, Kherati or Dharmada and includes any person who has been granted any such tenure

34. For proper appreciation of the social, political and economic status of the landed classes grouped in the two terms 'Girasdars' and 'Barkhalidars' it is necessary to give a brief *resume* of the origin and growth of these landed classes.

35. As reported in the White Paper (1950), Saurashtra comprised 222 States, of which 217 merged in the United State on the 15th February 1948 and 5 were integrated with effect from 20th January 1948.

The Rulers of thirty one States entered into a covenant in January 1948, accepting privy purse in lieu of surrender and merger of their States. Six States of lower classes and one

non-jurisdictional Talukdar also accepted privy purse. Five States integrated with and merged into the United State a year later as already stated. The Talukdars of the other Estates, excepting a few whose cases were dealt with separately, entered into what was known as Zamindari Agreement of Merger whereby they retained superior rights in lands subject to the terms contained in the agreement but surrendered their political status. These talukdars have now come under the operation of the Saurashtra agrarian reforms legislation. All these talukdars with their numerous bhagdars are included in the definition of Girasdar given above.

36. Apart from Kutch to the north and Travancore and Cochin in the far south, Kathiawar was the only coastal region where the feudal order flourished for a number of centuries. Scarcely at any time during this long period was Saurashtra governed by a single Ruler. It served as a through-fare for the invaders of India from the earliest times, with the result that the fortunes of Saurashtra varied with those of India. With the passage of time, various sects and clans, the Rajputs, the Kathis and the Mahomedans carved out their domains in the peninsula by dint of sword and they were found to have assumed complete independence and a sort of sovereignty when (in 1804-07) Col. Walker, Resident at Baroda, settled the claims of the Gaekwar and established peace and order in the country. They were classified in the year 1863 for the purpose of exercising jurisdiction, the smaller ones not capable of exercising jurisdiction being classed as non-jurisdictional and placed in administered area of the Kathiawar Political Agency known as Thanas.

37. For the purpose of our investigation, it is necessary to mention that in the course of the internecine warfare, some of the territory was acquired by the more powerful chiefs from the weaker landholders who relinquished it in their favour in lieu of the protection afforded to them by the former, reserving a certain portion for themselves. These weaker

landholders have since been known as *mulgarasia* (i. e. original holder of *garas*). Many of these have since been reduced to poverty partly on account of the continuous process of sub-divisions of their holdings and partly on account of alienation of lands which was permitted with certain restrictions.

38. The male members of the families of the ruling chiefs and chieftains were known as *bhayats* and according to the custom in vogue they got their *garas* as their birthright. Before British mediation, some *bhayats*, it may be noted, had already established themselves by power of arms as independent chiefs of even larger estates.

The *talukdars*, *bhagdars*, *mulgarasias* and *bhayats* now constitute the order of *garasdars* and their problem of indebtedness, among other things, is required to be investigated by this Committee.

39. With broad restrictions imposed mostly on grounds of political expediency, the chiefs and the *garasdars* were competent to make alienations of lands, by way of assignments, mortgages, gifts etc., as a result of which some of the lands belonging to the chiefs or held by *garasdars* passed as *inam* (gift) to *inamdars*, *jiwai* (maintenance) to *jiwadars*, *kherat* (charity) or *dharmada* (grant to individuals or religious institutions), *chakariyat* (grant in lieu of service) etc. All these grantees including Imperial grantees come in the category of *barkhalidars*.

40. We shall now examine the relationship of the cultivators with the chiefs, *garasdars* and *barkhalidars*. They were with notable exceptions, tenants-at-will. No doubt a majority of the tenants continued undisturbed in their possession from generation to generation but that was principally because there was little pressure on land and also because it did not suit the landlord, as a matter of expediency to disturb the tenants. There was, however, no security of tenure which alone could create attachment to land.

41. As the rural economy of a State is determined largely by its land system, it would be desirable to review the land tenure and the system of revenue administration that prevailed in Kathiawar prior to integration.

42. Gondal was the first State to have conferred full occupancy rights on the cultivators free of any price. Bhavnagar also conferred occupancy rights free of any price. Occupancy rights conferred by other States were on payment and were more or less limited, the rights being, in most cases heritable but not transferable and in some cases even restricted to certain areas. Among such States may be mentioned Bilkha, Dhrangadhra, Jasdan, Junagadh, Limbdi, Morvi, Nawanagar and Wadhwan.

43. As regards land revenue, share in kind was the generally prevalent system. It was, however, replaced by cash assessment in the former States of Bhavnagar, Gondal, Junagadh, Morvi, Nawanagar, Virpur and Wadhwan.

44. At the time of integration about 1,800 villages had cash assessment and the rest were *bhagbatai* (crop share) *chokhabhag* or *melabhag*. The crop share varied from $\frac{1}{2}$ of the produce with or without cash levy to $\frac{1}{4}$ th in dry and $\frac{1}{6}$ th in irrigated crops

According to Appendix VIII of the Report of the Agrarian Reforms Commission the pre-merger position as regards survey of khalsa and non-khalsa villages was as under :—

NUMBER OF VILLAGES.			
	<i>Surveyed</i>	<i>Not surveyed</i>	<i>Total</i>
Khalsa ...	2,366	323	2,689
Non-khalsa...	360	1,366	1,726
Total..	2,726	1,689	4,415

45. Thus, except in the few States named above, the cultivators of the States were tenants-at-will at the time of integration, and the land revenue payable by them was in the form of share in kind. They were also subjected

to imposts and exactions which left to them hardly enough for their bare sustenance. The tenants of *garasdars* and *barkhalidars* were, with solitary exceptions liable to be ejected and were, in not a few cases ejected by their landlords, with no other object than that of realising premium on change of tenancy.

46. Under the feudal order in Kathiawar and under the peculiar conditions of its land systems, agriculture did not thrive, particularly when the rainfall in the area was precarious. It was, therefore, natural that the peasantry of Saurashtra which had once the reputation of being skilful and hard working began to deteriorate except in the few areas where cultivators were given occupancy rights and had the incentive arising from security of tenure. The conditions of the cultivators in non-khalsa area would have been much worse had it not been for the high prices of agricultural commodities in recent years.

47. Thus the agrarian situation in large parts of Kathiawar prior to the formation of the United State of Saurashtra was not satisfactory. There was no uniform land system and in the non-khalsa area, there was hardly any land system. The will of the land-lord was the unwritten law in so far as cultivation of the non-khalsa land was concerned. The times too were anything but propitious. The policy of non-intervention on the part of the British Government was largely responsible for absence of any rural development in Thana areas which were directly administered by them and in alienated villages in the States where also this policy was followed. The great famine in 1900 which was followed by scarcity years of 1911-12 and 1918-19 had also its serious effect on the peasantry. In the latter year, the unprecedented epidemic of influenza took the heaviest toll of human life. During the country-wide period of depression (1929-34) the tenants and small landholders who had contracted debts were not in a position to repay the same and some of the States introduced measures for affording relief to agricultural debtors and for

providing agricultural finance. These measures will be examined in the next Chapter.

48. The commencement of the second world war almost synchronized with the 1939-40 famine of great severity, which took the heaviest toll of the cattle in the country. It was only after 1944 that some States began to think of post-war reconstruction plans. Many of the States, however, had not the resources to launch any large scale schemes for rehabilitation of rural economy. Again, the scope for individual States was restricted because of limited and even conflicting interests of different States *inter se*. In these circumstances, only minor schemes for the benefit of agriculture could be launched by a few States. The State of Nawanagar, for example, carried out a systematic programme of well sinking. Bhavnagar also did so, and also established village panchayats and co-operative societies as a part of its programme of rural reconstruction. Measures for agricultural improvements were not altogether lacking in different States. In view, however, of the magnitude of the problem the measures adopted did not go far enough.

49. Pre-integration agricultural statistics and particulars relating to non-khalsa areas are not available. They were not maintained by the States nor were they required to be maintained by the landlords.

50. Such broad particulars and statistics relating to agrarian conditions as could be compiled from the records of some of the former principal States are given in Appendix IV.

51. Among the various factors that were responsible for deterioration of agrarian economy in the former States may be mentioned the rigidity of the feudal order, the subordination of the interests of the peasantry to the personal interests of the princes, chiefs and the large class of absentee landlords, the handicaps arising from the interstatal boundaries involving divergent interests and the lack of adequate financial resources. On the whole comprehensive measures for rural welfare were conspicuous by their absence over a large part of the country.

CHAPTER IV.

PRE-INTEGRATION DEBT INQUIRIES & FINANCE.

52. We shall first briefly review in this Chapter debt enquiries held and relief measures undertaken by certain States in Kathiawar prior to integration.

Bhavnagar was the first State in Kathiawar to initiate a pioneer scheme for affording relief from debts to the cultivators of khalsa land. An Agricultural Debt Inquiry Committee was appointed by the Darbar in 1922 to investigate the problem of indebtedness. The inquiry lasted for about seven years. The Committee found that while indebtedness among cultivators might be traced to recurrence of bad seasons, small margin of profit even in good years, improvident expenditure on occasions of marriages, deaths etc., the principal cause of accumulation of debts and the main obstacle in the way of cultivators' economic emancipation were the peculiarly usurious, oppressive and unscrupulous methods pursued by the *sowcars*.

53. The investigations of the aforesaid Committee revealed the following position as regards incidence of indebtedness.

Out of about 23,000 khatedar kheduts in the State, about 13,000 were found to be free from debt and 10,000 kheduts paying annual assessment of about Rs. 12,76,000 were found to be indebted to the tune of Rs. 51,41,000. Of these about one-third were indebted in sums not exceeding two years' assessment payable by them and the rest were heavily indebted, as their debts exceeded ten to fifteen years assessment in each case. As regards cultivators found debt-free or not heavily indebted, it was observed by the Committee that it was so not because all of them were economically well off; some of them were economically unsound and had little or no credit.

54. On conclusion of the preliminary enquiry, the Darbar adopted almost simultaneously, both legislative and administrative measures viz. the enactment of the Bhavnagar State

Khedut Protection Act and the introduction of the Bhavnagar Khedut Debt Redemption Scheme. The Act was largely modelled on the Deccan Agriculturists' Relief Act and the Redemption Scheme provided for conciliation of debts on a voluntary basis which was facilitated by the assurance extended by the Darbar that adjusted creditors will be paid off in cash.

The scheme also provided that (i) the amount payable by way of composition should not exceed a sum equal to three times the annual assessment payable by the khatedar debtor, and (ii) the total amount payable on account of any *Tappa* should not exceed one-fourth of the total amount of outstanding debts of the kheduts of the *Tappa*.

55. The nominal outstandings of agricultural debts due by the cultivators of the State were found by the Debt Redemption Committee to amount to Rs. 86,38,874. These debts were adjusted and scaled down to Rs. 20,59,473. The adjusted debts were paid off to the creditors through the Darbar Bank and made recoverable from the cultivators in easy instalments carrying 4 % interest.

The following extract from the Annual Administration Report of the State for the year 1945-46 depicts the position as regards repayment of adjusted debts two years prior to integration :—

“Out of this (Rs. 20,59,473), the total amount recovered upto the end of the year under report was Rs 10,52,580 leaving a balance of Rs. 10,06,893 to be recovered at the end of the year”

The amount outstanding on 31st March 1948 was Rs. 7,96,235.

During the last four years, appreciable repayments have not been made, the reason presumably being scarcity.

56. The after effects of the Debt Redemption Scheme were watched with interest not only by the Bhavnagar Darbar but also by all those who were interested in the tough problem

of agricultural indebtedness. The principal features of the after effects which have been published in an interesting brochure "Bhavnagar Debt Redemption and After" are concisely summarised below :—

- (i) There was a marked improvement in the State's land revenue recoveries.
- (ii) A fair percentage of kheduts was permanently weaned out of their reckless habit of incurring debts without due regard to their repaying capacity.
- (iii) The sowcar's chariness to do fresh money lending on any great scale resulted in more curtailment of credit which in its turn resulted in a most desirable scaling down and reduction of extravagant social expenditure.

Note :—With regard to (ii) and (iii) it was also noticed that some intelligent sections of the khedut community displayed keenness for regulating social expenditure.

- (iv) There was appreciable decrease in the number of suits filed against kheduts in Civil Courts; in pre-redemption days, suits against kheduts contributed a greater part of the Civil Court File.
- (v) Removal of old debts paved the way for healthy development of the co-operative movement; and generally,
- (vi) Where formerly the khedut was a listless and indifferent cultivator.....he was seen to put more heart and industry in his work.

57. While actively implementing the debt redemption scheme, the Darbar pertinently observed :—

“Indebtedness is both a disease and a symptom. So far as it is a disease, it might be amenable to *ad hoc* measures designed to provide cheaper agricultural finance. But in so far as it is a symptom, the treatment must probe deeper and the question of indebtedness must be considered and dealt with along with several cognate questions. *The whole problem is of enabling the khedut to produce the maximum his land and labour are capable of yielding and to realise and retain the best price for their produce*”. (the italics are ours).

58. Another State which started inquiries into agricultural debts and launched schemes not only in respect of khalsa cultivators but also garasdars, was Morvi. The problem of indebtedness among cultivators in the State was found to be not so acute as that among garasdars. Inquiry into indebtedness among garasdars was entrusted in the year 1923 to a Special Committee with necessary powers to effect adjustments.

As regards adjusted debts, a scheme was evolved for repayment in suitable instalments. In many cases, however, the private creditors of the garasdars were paid off by the State, the land of the garasdars concerned being taken possession of by the State in security of the loan advanced to garasdars on *vatantar* (mortgage with possession) basis.

59: The scheme of redemption of debts of cultivators sanctioned by the Morvi Darbar in 1938 was preceded by wholesale remission of the arrears of the State dues from the cultivators of the State. The rules to be followed by the Debt Redemption Committee provided *inter alia* that the aggregate of claims allowed against an agriculturist should not exceed an amount five times the annual land revenue paid by him ; and in case the total claim exceeded such amount, all claims should be proportionately reduced. Adjusted debts were paid off through the State Agricultural Ryot Bank.

60. The Porbandar Darbar carried out agricultural debt inquiry through a Committee in response to the general

invitation of the Central Banking Inquiry Committee in 1929-30. The Committee found that indebtedness of cultivators to local sowcars was considerable. Its recommendations were implemented by enactment of Agriculturist Relief Act and strengthening banking facilities.

61. The Junagadh State tried to introduce a scheme for redemption of debt of agriculturists along with its *Khedut Sanrajan Act* of 1934-35. It was declared that the scheme would apply to such areas as might be notified from time to time, but it does not appear to have been implemented in any area.

62. No other State in Kathiawar appears to have worked out any Debt Redemption Scheme. Besides Bhavnagar, Junagadh, Morvi and Porbandar, some of the States viz. Nawanagar, Wankaner, Jasdan, Vadia and Lathi introduced legislation more or less on the lines of the Deccan Agriculturists Relief Act, 1879, to afford relief to agricultural debtors and some States also established agricultural banks or similar organisation for providing finance to cultivators.

63. No Agricultural Debt Inquiry appears to have been made in respect of Agency administered areas comprising the estates of non-jurisdictional talukdars and bhagdars. The Government felt concerned only about the preservation of the integrity of the States and Estates of tributary chiefs and talukdars. In order that the resources of the States and Estates may not be frittered away by the chiefs and talukdar-, the debts incurred by them were governed by what was known as the Life Interest Principle under which private debts incurred by tributary chiefs and talukdars were deemed to have been extinguished on their death except and only to such extent as on departmental enquiry were found to have been incurred in the indisputable interest of the States and Estates. Subsequently it was also found necessary to frame Rules known as the Encumbered Estates Rules which applied to heavy indebtedness created by tribute paying chiefs and talukdars

during their life time. The Rules provided that when any estate was found to have been so heavily indebted as it may not be possible for the holder to liquidate the debts from the normal income within 20 years, the estate was deemed to be liable to be placed under management, the debts were then inquired into and schemes were framed for liquidating them within 20 years.

It may be mentioned in passing that some States also, adopted the Encumbered Estates Rules to apply to the estates held by their garasdar's viz. *bhayats* and *mulgarasias* so that their estates when found to be heavily indebted were liable to be taken under management for liquidating the debts after necessary inquiry.

64. When Talukdars in Agency administered areas defaulted in making payment of tribute and Government loan instalments, Government instituted enquiries which revealed that petty talukdars and bhagdars were heavily indebted not only to Government but also to private creditors and that most of them had reduced themselves to pitiable condition of abject poverty. In this connection the observations made by the Special Committee appointed in 1915-16 to inquire into the indebtedness of Talukdars of one of the Thanas would bear quotation:—

'The Committee have all along seen that a Talukdar or a Garasdar once into the hands of a sowcar has never got out. The debt at 12 per cent per annum has gone on accumulating and then balances have been struck from time to time. As already mentioned the produce from the land gets decreasing with the increase of debts. The astute money lender knows that his grip should not be loosened. A small loan given out at the beginning, with small additions in the form of corn opium and in the way of helping the talukdar to tide over occasional family necessities, will secure to him the estate for all time to come. The Talukdar becomes more or less a serf and the Committee has

witnesses before them to depose that they had to wait at the doors of their money lenders for the day's corn till the evening. There are so many instances where loans have been put down at the very outset as being 25 per cent in excess of the actual amounts paid. There are instances where high discounts have been deducted from the amounts entered to have been paid. There are all sorts of commissions if the loan is produced. A man will be appointed a Kamdar and will have all the perquisites of a Kamdar if he helps in the raising of the loan. The Committee's inspection of accounts has revealed to them the fact that the garasia is right royally fleeced right and left in all the transactions. If he buys daily stores, he is fleeced in rates, in weights, and in measures, by the village 'mody' who in nine cases out of ten happens to be his Kamdar or his money lender or becomes from that date so in course of time as transactions grow".

65. A few years later, while recommending remissions of Government dues in favour of the Talukdars and suggesting gradual absorption of non-economic estates, the Agent to the Governor, Kathiawar, observed as under :—

“Co-operative Banks might help the cultivators but it is impracticable to build up a co-operative credit system on a foundation of tenancy-at-will. Nothing short of..... fixity of land tenure and relief from tyranny and exaction will secure a reasonable measure of prosperity for the man who tills the soil. But measures that would effect these desirable results are politically impracticable”.

The Agent to the Governor General observed in 1927 that the Life Interest Principle and the Encumbered Estates Rules gave them scope for incurring debts with impunity, and that the policy of preserving small estates in bankruptcy condition should be revised. Eventually it was decided to permit sales of estates with an annual income of less than Rs. 5,000, if succession thereto was not governed by the rule of primogeniture.

66. We would now refer to the agricultural financing machinery established by some States primarily for the purpose of meeting the credit needs of their agriculturists. The commercial banks run by some States, *viz.*, Bhavnagar, Palitana, Dhrol etc., also provided accommodation to agriculturists.

The institutions functioning at the time of intergration for providing agricultural finance are enumerated below :—

Name of State.	Name of agricultural financing Bank.	Year of commencement.
Morvi ...	Agricultural Rayat Bank	... 1906
Rajkot ...	Khedut Bank	... 1910
Limbdi ...	Limbdi Bank	... 1910
Porbandar ...	State Agricultural Bank	... 1928
Jasdan ...	Khedut Sahakari Mandal	... 1933
Wankaner ...	Sahakari Mandal	... 1935
Kotda Sangani ...	Sahakari Bank	1944

These functioned more or less as credit agencies for the farmers in the respective States. Apart from direct financial assistance given by Government, these were the only institutions which catered for the requirements of the agriculturists who otherwise had recourse to village sowcars. Excepting the Porbandar State Agricultural Bank which was almost defunct and the Kotda Sangani Khedut Sahakari Bank which needed revival, these institutions were, on integration, deemed to be registered under the Bombay Co-operative Societies Act adopted by the State of Saurashtra and steps have since been taken to convert these banks into Taluka co-operative banks.

67. In the next Chapter, we shall review the new phase of rural economy in Saurashtra, but before doing so, we

recapitulate here the general agrarian conditions with special reference to agricultural indebtedness and finance prior to integration. Agriculture was neglected, as those who toiled did not get a reasonable return. The landlords were generally absentee landlords and showed little interest in increasing productivity of their lands. The tenants who had no fixity of tenure and little resources did not put heart into the work. Both landlords and cultivators used to incur heavy debts and were being exploited by money lenders. The measures for relief from indebtedness were adopted only in a few States. The credit facilities through co-operative societies and other institutions were inadequate and the money lender in the village was the mainstay of agricultural finance. In the absence of any comprehensive measures, the rural economy was on the whole in a deplorable state.

CHAPTER V.

NEW PHASE OF RURAL ECONOMY IN SAURASHTRA

63. Sometime before the formation of the State of Saurashtra, the tenants had begun to raise their voice against exploitation. They could no longer passively brook their landlord's high-handedness. The agitation that was going on all over India for elimination of the intermediary between the tenants and the State and for uniform treatment to cultivators as a class was also permeating the peasantry of Kathiawar. As it usually happens, the fast changing attitude of the tenants caused some reaction among the landlords, but the forces of awakened consciousness arising in the masses were too strong to be arrested or subdued by any arbitrary action on the part of agricultural rent-receivers. It was being felt on all sides that the days for the continuance of the out-moded tenure of tenancy-at-will and land revenue administration under which the cultivators could be deprived of a substantial portion of what they produced were numbered. During the last decade preceeding integration, the forces of public opinion had also begun to be effective and the revenue administration and executive action had also begun to be more amenable to reason. Even the village community had begun to exercise some moral influence on the administration. Another aspect of no small importance was the increasing consciousness among the rulers as well as estate holders that their chief source of revenue was agriculture and that discontent among agriculturists would directly affect the prosperity of their states and estates and consequently their revenue.

69 During the post-war period of inflation, the talukdars and other landholders endeavoured to increase their shares in kind. Even the rulers of some States in which light assessment was prevalent from a long time, resorted to devices such as permit fees on export of money crops like cotton and groundnuts, whereby they could derive substantial revenue

from agricultural produce. Thus, the cultivators lost much of the benefit which would have otherwise accrued to them under the cash assessment system. In such a state of affairs the interests of the cultivators began to clash more and more with the interests of the estate holders; and the public opinion was gaining strength in favour of the cultivators. As an instance in point may be cited the agitation in 1947 among the cultivators of the talukdari area which led to what is known as the Anida Settlement under which the talukdar's share was fixed at one fourth of *Jirayat* and one fifth of *bagayat* crop with *vero* in cash at Rs. 30 per *santi* of 40 acres. The cultivators had become, as a class, more assertive of their right and wanted to enjoy in a larger measure the fruit of their toil on the land of their tillage. No Government would or could have lightly ignored the changed outlook and the necessity for reorientation of the social and economic life of the peasantry. But no radical transformation of agrarian conditions was possible till Kathiawar remained a congeries of numerous autonomous units of varying sizes and importance, with areas ranging from .29 to 3,791 sq. miles and population ranging from 107 to 6,70,719, to say nothing of the autonomous revenue administration of thousands of alienated holdings. The dawn of independence followed by integration of all such units in the United State made it possible for the new Government to evolve a uniform agrarian policy in the larger interest of the country. What was plainly admitted by the political officers of the British regime as impracticable under the then political conditions of the Province (please vide para 65) could be brought within the realm of practical politics in the new set up of the democratic constitution which followed in the wake of independence. To the Government of Saurashtra, improvement of the lot of agriculturists of the new State was a subject of paramount importance and foremost concern as is evident from the declaration of policy made in the manifesto issued by the Government on the assumption of its great responsibilities in 1948. To start with,

it was declared that so long as share in kind was not replaced by cash assessment the shares would conform to agreed formula of reasonable standard. It was also declared that upto one third of land revenue receipts would be returned by the Government to villages for village uplift through village panchayats.

Forced labour (*veth*), it was declared, shall be abolished.

70. On the 15th April 1948, the Government declared that all tenants of khalsa land would become occupants and that assessment would thereafter be recovered in the form of cash and not in kind. As it was obviously impracticable to undertake immediately, a regular survey and settlement, *ad hoc* cash assessment was fixed village-wise on the basis of the revenue of the last 15 years. Assessment was further reduced by elimination from the calculation of revenues of certain levies which were recovered over and above the definite crop share.

71. These reforms meant much strain on the finance of the State, but they were the inevitable outcome of the new set up. Their immediate effect was the rise in the value of agricultural land and the toning up of the rural economy of the State.

72. The non-khalsa cultivators, and also the landholders stood on a different footing. The problem of as many as 1726 non-khalsa villages and non-khalsa lands situated in other villages remained to be solved. It was by no means an easy one. As already observed in the previous chapter, these cultivators had direct relations not with the State but with the landholders. Whatever may be the nature of the latter's rights to land, they were practically independent of the State in the matter of their revenue administration. Therefore, while uniformity was brought about for one class of cultivators, viz those of khalsa lands, there remained a great disparity as regards cultivators of non-khalsa lands, the latter being tenants-at-will and still subject to rack-renting. Such a disparity could by no means be allowed to continue indefinitely. It would have been

unfair on the face of it, unfair to the tiller, unfair to the cause of agriculture and unfair to the new social order. Therefore, although the landlord had his well recognised and established though qualified rights to property, which could not be impugned outright, it was felt that they could no longer be enjoyed in a manner repugnant to the requirements of the new order. The cause of a large number of tenants of non-khalsa area demanded that they should be brought on a level of uniformity with the cultivators of khalsa area. The cause of the landholders on the other hand demanded that the superior proprietary rights or similar rights enjoyed by them should be given due consideration in any measures which may be adopted to bring about uniform conditions for agriculturists.

73. These circumstances led to the promulgation by Government of the following Ordinances :—

The Saurashtra Protection of Tenants Ordinance XXII of 1948 providing for the protection of tenants of agricultural lands against arbitrary evictions and providing for the landlords to get land for personal cultivation after giving 6 months notice.

The Saurashtra Zamindars and Tenants Settlement of Rent Disputes Ordinance XXVI of 1948 empowering the Mamlatdars to take charge of crops in dispute and the Deputy Collectors to decide about produce rent.

The Saurashtra Protection of Tenants (Amendment) Ordinance XXXI of 1948 providing for appointment of a joint committee of landlords and tenants for settlement of disputes relating to ejectment of tenants and recovery of rent.

The Saurashtra Temporary Protection of Eviction Ordinance XXVIII of 1949, and

The Sanrashtia Gharkhed Tenancy Settlement and Agricultural Lands Ordinance XLI of 1949 repealing all

the previous Ordinances and aiming at regulating the relations between the landholders and their tenants and providing for allotment of *gharkhed*.

74. The problem having remained unsolved by the Ordinances referred to above, the Government of India was moved to appoint a Commission to investigate the same. The Saurashtra Agrarian Reforms Commission was accordingly appointed in May 1950 and it was required *inter alia* to report on the desirability of extinguishing differences between the khalsa and non-khalsa areas so that a uniform land revenue and land tenure system could be established throughout Saurashtra and to suggest the necessary administrative organisation and legislation to achieve the objective. The Commission submitted its report on the 15th December 1950.

We shall deal with further development of the problem of agrarian reforms in the next Chapter.

75. During the period from 1948 to 1950, the Government of Saurashtra appears to have concentrated their efforts on rehabilitation of the rural economy of Saurashtra, regard being had to the fact that the interests of the rural population as a whole had received scant attention in the previous regimes especially in smaller estates. Scarcity conditions which had to be encountered during the period had an adverse effect, but a clear cut policy of rural uplift had been evolved, and ameliorative measures had been progressively adopted in the State. 3,17,095* agriculturist families of Saurashtra have now before them equality of opportunity to shape their future destinies and contribute their quota to the development of the agricultural resources of the State. While conspicuous progress in the field of rural uplift has been made, much yet remains to be done. For what remains to be done, the foundations have been truly laid and the ground well prepared.

76. The country-wide recognition of *gram panchayat* as the foundation of local self government found expression in

*Appendix XIV last column.

the new Constitution of India, Article 40 of the Constitution providing that "the State shall take steps to organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self government." The Government of Saurashtra forestalled this directive principle of State policy, as is apparent from the Saurashtra Gram Panchayat Ordinance No. LVII of 1949 which provided for the exercise by panchayats of very wide powers, of functions executive, administrative, and judicial embracing all spheres of rural life. The Saurashtra *Gram Panchayat Madhayastha Mandal* was constituted under Ordinance No. XIV of 1950 and the panchayats were enabled to take steps in the direction of free and compulsory primary education under Act No. VI of 1951.

At the time of integration there were only 182 gram panchayats with limited powers. Bhavnagar alone had long established gram panchayats. Porbandar and Dhrangadhra came later in the field, and a few other States had just made a small begining or were expressing the hopes of making it.

Saurashtra has now about 1200 gram panchayats distributed district-wise as shown in Appendix V. The replies to our questionnaire show that the people appreciate their value and importance. Given the right type of personnel, gram panchayats should be able to bring more prosperity and contentment among the rural population, thus paving the way for true democracy. The powers vested in gram panchayats and the support and encouragement given by the Government for the administration of village autonomy augur well for the establishment of *panchayat raj* or local self-government in rural areas.

77. The co-operative movement is another progressive measure which is closely linked with development of both rural and urban areas. The movement did not exist except in a few former States in Saurashtra. At the time of integra-

tion there were 214 co-operative societies in the former Bhavnagar State, 28 in Junagadh, 3 in Porbandar. The Government adopted with effect from 27th August 1948, the Bombay Co-operative Societies Act of 1925 as amended from time to time and the rules thereunder. The total number of co-operative societies established in Saurashtra till the end of February 1953 was 1013 of which 295 are Agricultural Credit societies and 291 are Multipurpose societies. With the steady growth of the co-operative movement in Saurashtra, the need for co-operative financing agencies both for short and intermediate term finance was felt. The first Five Year Plan of Saurashtra provided for organisation of these institutions. The Saurashtra Co-operative Bank Ltd., was established accordingly in April 1952, and it has been functioning well as an Apex Bank. The Saurashtra Central Co-operative Land Mortgage Bank Ltd., was also brought into being and registered in September 1951. A short resume of its functions and activities is given in para 160.

The particulars regarding district-wise and category-wise co-operative societies are given in Appendix VI, and detailed classification thereof is given in Appendix VII.

The already existing large number of co-operative societies in the former Bhavnagar State and the favourable conditions existing in that area account for the biggest number of societies in the Gohilwad district. The number by itself, however, is no indication of the intrinsic strength and utility of the societies. We are given to understand that while the people appreciate their value, they have yet to imbibe the underlying spirit and to reap the various advantages the movement offers.

78. With the exception of a pre-war publication entitled "Kathiawar Economics", detailed economic surveys embracing the whole of Kathiawar were hardly available at the time of integration. The Surveys made years ago by some of the

States had already become out of date and were moreover mostly confined to their respective areas. A comprehensive economic survey of the State of Saurashtra was therefore felt to be a real need. An organisation was accordingly set up by the Government in August 1949 to conduct intensive economic survey of Saurashtra under the guidance of Prof. C. N. Vakil. The survey has already been made of 34 selected villages, 8 from Gohilwad, 6 from Halar, 9 from Madhya Saurashtra, 6 from Sorath, and 5 from Zalawad. The report of the Survey is awaited.

79. The Reserve Bank of India has also arranged to carry out a rural credit survey in 10 villages of the district of Sorath. The report of this survey is also awaited.

80. The Agricultural Labour Inquiry Committee conducted intensive survey of Kalyanpur Mahal in the district of Halar specially with reference to fixation of minimum wages for agricultural labourers. Their observations regarding family budgets and indebtedness among agricultural labourers in that area in particular are given in Appendix VIII.

81. It has already been decided under the community project to concentrate on all round development of the Manavadar-Vanthali area in the Sorath District. The survey for the community project has been completed. The particulars regarding agricultural indebtedness and economic condition of agriculturists in that area are given in Appendix IX.

82. The problem of liquidation of illiteracy among the masses is being tackled by the Government by the opening of adult education centres in all parts of the State. More than 200 such centres are already at work and the number is to be increased every year. 100 primary schools were opened in villages in 1952-1953. In the next three years, 200 primary schools are expected to be opened each year.

83. A deputation of two members was sent by the Government in the year 1951 to Japan for first hand study of small scale and cottage industries in that country with a view to developing such industries in Saurashtra with due regard to the State's available raw material, skilled and unskilled labour and economic potentialities. The Deputation on return suggested certain measures the Government could adopt for the development of various cottage industries. Some of the suggestions have been adopted by the Government.

84. The Government have also constituted a Cottage and small scale Industries Board of official and non official members. The Board is given an annual grant for implementing its schemes. Financial assistance is being given to artisans. Hand spinning is being encouraged through *Khadi Centres* which are opened under the auspices of the *Saurashtra Rachnatmak Samiti*. *Swavalambi Khadi* scheme is also being encouraged by grant of subsidies.

85. Cattle are one of the principal factors in agricultural production. Provision of adequate pasture and fodder supplies, improvement of the breed of draught as well as milch cattle, and prevention of heavy cattle mortality may be mentioned as some of the measures calculated to promote the cattle wealth of the country and to help agricultural production. The Government of Saurashtra have increased the minimum standard of *gauchar* from one acre per 4 heads of cattle to one bigha per head of cattle and have made it obligatory on gram panchayats to ensure that the minimum *gauchar* area is scrupulously maintained. Besides affording all possible facilities to *maldharis* to maintain the best quality of pedigree cattle, the Government have laid it down as a policy not to disturb, as far as possible, the existing *bid* land but to develop it on systematic lines.

Excepting in a few former States, veterinary aid for cattle was hardly available. This lacuna is also being rapidly remedied.

86. The Government have also framed rules to regulate the proper use of grassland areas in the State, the principal provisions being as under :—

Vidis which are not capable of yielding more than five thousand maunds grass are leased out for a year or more either by public auction or through panjarapole, gaushalas, maldhari associations etc. for the purpose of grass storage, according to prescribed scheme.

Vidis which are capable of yielding more than 5000 mds. of grass are managed and exploited by Government. Grass is being cut at the proper time of the season, stored where godown accommodation is available or stacked in hay stacks.

As regards *taliatas* the Government have declared it as a part of their grass policy to give them out to gram panchayat, gaushalas, panjarapole or maldhari associations. In the event of such institutions not taking over *taliata*, they are to be made available, with due regard to gauchar, for village cattle on payment of fees not exceeding normal maswadi (grazing fee) rates.

87. "Grow More Food" (*annam bahu kurvceta*), exhorted the sages. Saurashtra has a deficit of about one lac tons of foodgrains per year. "Grow More Food" campaign of the last few years has yielded fairly good results. As in other parts of the country, so long as economic conditions were normal, Saurashtra agriculturists generally maintained a proper balance between the crops of cereals, oilseeds and cotton, and with due regard to the technique of rotation of crops, but with steep rise in prices of money-crops like cotton and groundnuts there was an irresistible temptation among them to resort in a larger measure to money-crops.

88. By far the most important phase of rural economy in the new set up is that of concrete measures being taken to improve the agricultural resources of the State. The first step was to provide irrigation facilities by all means possible. Three courses were open, *viz—*

- (i) surface water storage by building dams and check-dams against rivers and streams with a view to conserving the rain water ;
- (ii) sinking of new wells and deepening of old ones and thereby utilising underground water ; and
- (iii) boring tube-wells and artesian wells with a view to utilising under-ground water at lower strata.

Work in all the three directions was taken up in all earnestness almost from 1949. The Government of India's revived campaign of ' Grow More Food ' which was given a special impetus since the year 1949, helped Saurashtra substantially in pushing forth all the three types of irrigation activities mentioned above. Scarcity conditions also proved a blessing in disguise in so far as the programme of sinking of new wells and deepening of old ones was intensified. In the year 1951-52, as many as 16,000 wells were deepened, which was a record performance.

Now, under the Five Year Plan of Saurashtra, 2,000 new wells are programmed to be sunk every year, and 2,000 old wells repaired, so that during the whole Plan period, 10,000 new wells will be sunk and 10,000 repaired.

On the major Irrigation side, since the formation of Saurashtra, 7 dams have already been completed and 7 are in hand, which will get completed latest by 1956. The total acreage that would be brought under direct canal irrigation, when all the 14 schemes would be completed, would be of the order of 96,000 acres. Similarly, since the

formation of Saurashtra till the end of First Five Year Plan period, 23,000 new wells would be completed and 21,000 old wells would be repaired. This would provide irrigation to about 1,34,000 acres computing at the rate of 4 acres per new well and 2 acres per old well.

Besides this, there would be sub-soil percolation from the major irrigation works as well as minor irrigation works. But it would be difficult to assess what precisely would be the increase, though increase there certainly will be. All told, on the above basis of achieving all the targets of the Plan, at least 2,30,000 additional acres would come under irrigation. About 3,20,000 acres were under irrigation, both by well and canals, at the time of the formation of Saurashtra. This means that at the end of the Five Year Plan, increase in Saurashtra irrigation will be of the order of about 60 per cent over what existed at the time of the formation of Saurashtra. The acreage that would be brought under irrigation in the artesian area is not being computed for the purpose of this Report, just because the artesian wells have been struck only in north-eastern Saurashtra in the areas of Dasada, Jhinjhawada etc., and those wells were primarily undertaken for drinking water supplies, and water in all the wells may not prove suitable for irrigation. So far 32 artesian wells have been struck, which continue to flow all the 24 hours for all the days in the year, above ground level, to the extent varying from 2,000 to 27,000 gallons per hour.

If the progress at the present rate continues for another 3 to 4 years after the first Five Year Plan, Saurashtra will have at least doubled the irrigation it had in 1948. It is however to be remembered that direct canal irrigation in Saurashtra in 1948 was .33 per cent as against all India average of 19 percent. It means that till direct canal-irrigation is increased 60 times of what it was in 1948, Saurashtra would not come in line with all India picture. Much lee way thus remains to be made up.

The beneficial effect of increased irrigation on the general economy of the cultivator can easily be surmised, and sustained efforts have therefore to be made to ensure that irrigation resources are developed to the maximum extent.

89. The Government has also taken steps to introduce the grid system so that electric power will be available in villages both for cottage industries and lift irrigation. It is found that a cultivator can irrigate with the help of power-driven plant thrice the area he could with a pair of bullocks.

90. We have attempted to give in this Chapter, a bird's eye view of the principal development activities of the State which have a bearing on its rural economy. They present in some respects a contrast against pre-integration conditions and are aimed at giving a fillip to rural re-construction. It is interesting to note that the Five Year Plan of the State makes provision for rural development expenditure amounting to Rs. 216 lacs. This is the largest proportion among the States of India and it includes Rs 185 lacs for the benefit of gram panchayats in the State.

CHAPTER VI.

AGRARIAN REFORMS LEGISLATION AND ITS SEQUEL.

91. The Agrarian Reforms Commission, Saurashtra, recommended that the Girasdari and Barkhali system should be abolished. The Commission suggested classification of girasdars and compensation for their lands etc. and for allotment to them of land for personal cultivation.

As regards barkhalidars, the Commission recommended that their lands should revert to the State without compensation. However, to enable them to adjust themselves to the changed circumstances, they should be paid a rehabilitation grant.

92. The Government of Saurashtra gave the fullest consideration to the recommendations made by the Commission. While the basic recommendation for abolition of the girasdari and barkhali system was adopted, the other recommendations were adopted, with suitable modification in consultation with the Government of India and the interests concerned. This marked a turning point in the atmosphere which was till then charged with acute tension. The unanimous decision to refer the Bills incorporating these recommendations to a Select Committee created the necessary atmosphere of amity and good-will which continued and eventually led to the enactment of important and far reaching agrarian reforms legislation in the State, on an agreed basis.

93. Of the three Acts, the Saurashtra Land Reforms Act No. XXV of 1951 deals with the agricultural land of girasdars. The Saurashtra Barkhali Abolition Act No. XXVI of 1951, deals with the agricultural land of barkhalidars. And the third Act, the Estates Acquisition Act No. III of 1952, provides for acquisition by the State of land and assets other than the agricultural land referred to above.

94. Under the Land Reforms Act, girasdars are divided into three classes, viz. A, B and C. A class are those holding one or more villages or more than 800 acres of land, B class are those holding between 120 and 800 acres and C class are those holding less than 120 acres. A Class girasdars are to be given land for personal cultivation upto 3 economic holdings, B Class upto $1\frac{1}{2}$ to $2\frac{1}{2}$ economic holdings and C Class are to be given $\frac{1}{2}$ of the land in possession of their tenants but limited to one or $1\frac{1}{2}$ economic holdings. After this has been done, tenants can get occupancy rights for the land which remains in their respective possession on payment by them of six times the assessment as the price. They become occupants of Government to whom they pay land revenue direct and Government pays every year as compensation to girasdars an amount equal to the annual assessment for a period of 15 years. With a view to help small girasdars in rehabilitation B Class and C Class girasdars will be paid an annual instalment for 3 and 6 years more respectively on the expiry of the 15 years' period referred to above. Girasdars will get occupancy rights for the land given to them for personal cultivation. The scheme of the Act provides for the abolition of girasdari. Girasdars and their tenants, if they become occupants, enjoy equal rights under a uniform system of land tenure.

As regards land revenue payable by girasdars to Government for the land allotted to them for personal cultivation under the Act, A class girasdar has to pay full assessment, B class has to pay at the rate of 4 annas per acre for the first three years, 8 annas per acre for the next three years, half the assessment for the next six years and full assessment thereafter; while C class girasdar has to pay at the rate of 4 annas per acre for 21 years and full assessment thereafter.

It would be relevant here to refer to an important provision made in the Act, viz. that no claim for money which is

charged or secured by mortgage of any land in the possession of a tenant shall be enforceable against an occupancy holding of the occupant and every such claim or liability shall be deemed to be a charge on compensation payable to the girasdar in respect of such land.

95. Under the Barkhali Abolition Act, barkhalidars holding one or more villages are to be paid cash annuity for 15 years and the rest for 18 years. The cash annuity is equal to one assessment in respect of the land in possession of tenants. If the present barkhalidar is a widow or a *hathgarna* grantee, the annuity is to be continued beyond the aforesaid period for the life time of barkhalidar. If the barkhalidar is a minor, the annuity is to be paid for the aforesaid period or until such time as he attains the age of 21, whichever is later. In the case of a religious or a charitable institution, the annuity is to be paid in perpetuity.

As regards land for personal cultivation, a barkhalidar, in whose estate the agricultural land is equal to 2 economic holdings or less and who is not a chakariat or a jiwaidar for life or dharmada institution, is to be allowed land for personal cultivation on the principle of equal sacrifice, it being understood that the maximum land to be made available for personal cultivation shall not exceed one economic holding.

The land held by a barkhalidar as gharkhed and the land, if any, allotted to him for personal cultivation under the Act are liable to payment of land revenue at the rate of full assessment subject in the case of a barkhalidar in whose estate the agricultural land is equal to 2 economic holdings or less, the land revenue payable in respect of the above gharkhed land and the land allotted for personal cultivation shall be at the rate of 4 annas per acre for the first four years, 8 annas. per acre for the next six years and half the assessment for further eight years and full assessment after eighteen years

No claim or liability for any money which is charged or secured by a mortgage of any land in possession of a tenant is enforceable against the occupancy holding and every such claim or liability is deemed to be a charge on payment to be made by Government as annuity to the barkhalidar as stated above.

All rights, titles and interest of barkhalidars in barkhali agricultural lands have ceased and are vested in the State free from encumbrances. They and their tenants now enjoy equal rights in respect of their holding subject, in the case of smaller barkhalidars, to payment of land revenue at reduced rates for a certain number of years as stated above.

96. Under the Saurashtra Estates Acquisition Act, the Government is empowered to acquire on payment of compensation etc. as provided for in the Act, the estates of garasdars and barkhalidars excluding agricultural land separately dealt with under the Land Reforms Act and the Barkhali Abolition Act.

97. The implementation of the Land Reforms Act and the Barkhali Abolition Act is in full swing and a major portion of the work has already been accomplished. It has not been possible to do much for the implementation of the Estates Acquisition Act. Government issued a Notification in October last acquiring all cultivable waste land of garasdars and barkhalidars. The implementation of the Land Reforms Act and the Barkhali Abolition Act immediately resulted in placing the garasdars and barkhalidars on a par with other agriculturists in the State in so far as their gharkhed land and lands allotted for personal cultivation are concerned. In the case of garasdars, they receive compensation equal to a single assessment on agricultural lands which have become occupancy holdings, or rent not exceeding $1\frac{1}{2}$ times the annual assessment for agricultural lands for which the tenants have not purchased occupancy rights. In the case of barkhalidars, they receive annuity at the rate of single assessment, their

relationship with their tenants having terminated immediately on the coming into force of the Barkhali Abolition Act. The compensation, rent or annuity represents only a fraction of what these landholders used to get from their tenants under the *bhag batai* which was generally in vogue before the formation of the Saurashtra State.

98. The Land Reforms legislation having thus seriously affected the economy of garasdars and barkhalidars, their rehabilitation is of urgent and paramount importance. One of the measures for their rehabilitation is to liquidate their age-long heavy indebtedness by suitable debt relief legislation.

99. According to the statistics given in the report of the Agrarian Reforms Commission, Saurashtra, there were 28,760 garasdars with an aggregate holding of 28,39,449 acres of land * of which 7,42,406 acres of land were held by 20,439 garasdars of less than 80 acres holding each, 12,92,280 acres of land were held by 7,581 garasdars of 80 to 800 acres holding each and 8,04,763 acres of land were held by 760 garasdars having more than 800 acres holding or having whole village each. Barkhalidars numbered 22,968 with total acreage of 8,51,893 * barkhali holding. 7,38,351 acres of the garasdari holding were already in the possession of the garasdars as their gharkhed. 1,94,824 acres of barkhali holding were already in the possession of barkhalidars as their gharkhed. The total number of the tenants of garasdars was 55,052 with 16,88,707 acres of non-khalsa land in addition to which some of them had khalsa lands. The total number of tenants of barkhalidars was 28,811 with 5,67,599 acres of non-khalsa land. Some of these tenants also had khalsa land. Thus, in all, agrarian problem in respect of garasdars and barkhalidars and non-khalsa land held by them touched 51,728 land holders, 36,91,342 acres of holding and 83,863 non-khalsa tenants. It is estimated that in accordance with the provisions of the Land Reforms legislation, the garasdars will be getting about

* inclusive of waste land

4 lacs additional acres of land for personal cultivation, the total of gharkhed and land for personal cultivation thus coming to 11 to 12 lacs acres of land, about an equal acreage of land remaining with the tenants. The garasdari-barkhadi problem involves consideration of the economic conditions of these garasdars, barkhalidars and their tenants and all the essential requirements of their future agricultural economy.

No time was lost by Government in putting up a special organization to implement smoothly and effectively the provisions of the two Acts, *viz.* the Saurashtra Land Reforms Act and the Saurashtra Barkhali Abolition Act. The organization included the Settlement Commissioner, the Assistant Settlement Commissioner, five (Gharkhed) Special Deputy Collectors (one for each district) and 25 Special Group Mamlatdars. The rules framed under the Acts made provision for necessary co-operation being extended by the executive staff of the Revenue Department including the Department of Land Records. Provision was also made in the Rules for association of local committee with the Special Mamlatdar. The Chief Secretary functions as Settlement Commissioner. As stated in para 77 of the Report, the Government has established the Land Mortgage Bank specially for providing the necessary finance to the tenants to enable them to purchase occupancy rights.

The following particulars show the progress of work till the end of February, 1953. 13,687 applications were filed till then by garasdars for allotment of land for personal cultivation. 11,359 of them were disposed of by the group Mamlatdars. 25,627 applications were filed by the tenants of garasdars for occupancy certificates. 7,321 of them were disposed of and the rest awaited disposal.

5,872 barkhalidars submitted applications for allotment of land for personal cultivation. 5,293 of them were disposed of and the rest awaited disposal. 23,380 tenants of barkhalidars

submitted applications for occupancy certificates; of these 9,173 were disposed of and the rest awaited disposal.

1,451 appeals against the decisions of the Mamlatdars were filed before the Deputy Collectors of which 962 were disposed of and the rest awaited disposal.

District-wise statement showing disposal of applications and a general statement relating to financial aspects of Land Reforms and Barkhali Abolition Acts are appended (Appendix X-XI).

The Saurashtra Central Co-operative Land Mortgage Bank Ltd.. received demands from the tenants for finance aggregating to 1.39 crores. District-wise Statement of demands is appended. (Appendix XII).

100. Statistics regarding persons (garasdars, barkhalidars and their tenants) who are left with less than economic holdings in the implementation of Land Reforms Act and Barkhali Abolition Act upto the end of February 1953. are given in Appendix XIII. They go to show that the number of those left with uneconomic holdings in each district is not negligible. In the recently published draft rules for the disposal of cultivable padtar land, provision has been made for giving *padtar* land to such garasdars/barkhalidars.

CHAPTER VII.

THE LAND PROBLEM

101. The Land Reforms and the Barkhali Abolition legislation of Saurashtra have conduced to the solution of the problems of (i) removal of disparity of status among cultivators tilling the land, (ii) bringing about fixity and uniformity of land tenure and land revenue administration, (iii) establishing direct relationship between Government and agriculturists and (iv) providing opportunities to Girasdars and Barkhalidars to rehabilitate their economy by personal cultivation of the land remaining with or allotted to them from their tenants. The State thus took a forward stride towards promoting the welfare of the people in general by replacing the old feudal order by a new social order in which land as belonging to the State was to be held by those who were or would be agriculturists doing personal cultivation. It was a new social order in which there would be no trace of the old notions of superiority of status, in so far, at any rate, as possession of agricultural land was concerned.

102. The abolition of Garasdari system and Barkhali system was not an end in itself. It was, in fact, the means for increasing agricultural productivity in the State and for effecting a more equitable distribution of agricultural production among the tillers of the soil. The Garasdars and Barkhalidars will have, no doubt, to adjust themselves to the changed circumstances. A large number of them, holders of land though they were, never handled the plough. They will now have to take to cultivation as their vocation and contribute their mite to the prosperity of the country. The tenants of garasdars and barkhalidars will heave a sigh of relief in their becoming occupants of the land they were cultivating, although in many cases they would have to part with a portion of their holdings in favour of their garasdars or barkhalidars. The

tenants too, may not find it an easy task to improve their holdings. Having practically neglected cultivation and with slender resources for improved agriculture, it will take them some time to bring their production on a par with that of khalsa cultivators. Nevertheless, the garasdars/barkhalidars and their tenants have now before them full scope to exert themselves on their occupancy holdings for their own economic betterment and the betterment of agriculture in the State.

103. On implementation of the provisions of agrarian reforms legislation, the immediate problem for consideration is that of creating conditions under which the garasdars/barkhalidars and their tenants can put heart into cultivation.

104. Defective land systems are known generally to operate as a handicap in agricultural production. The basic defects of insecurity of tenure, rack-renting and disparity of status among agriculturists no longer exist. Every agriculturist is now secure in his holding and has to pay to Government moderate and in case of garasdars/barkhalidars even concessional rates of assessment. Records of rights were scarcely maintained in the past. Every agriculturist will now have his rights recorded.

The assessment rates may remain for some time fluctuating, determined as they are, on empirical rather than scientific data. This is inevitable till the land is properly surveyed and classified for scientific settlement. The Survey and Settlement Department is already working on it. It will, however, take some time before all the villages of the State are surveyed and settled.

105. In the agrarian scheme of national economy, every agriculturist should not only feel absolutely secure about his land tenure and assessment liability, but also he should have a fair sized holding so as to ensure for himself a minimum standard of living under normal conditions. The particulars regarding sizes of agricultural holdings in the State are given

in Appendix XIV. More than 50 per cent agriculturists have less than the minimum of economic holdings, the percentage of agriculturists having uneconomic holdings, in the Gohilwad and Sorath districts being as high as 66 and 61 respectively. Although the figures of those having less than 5, 10 or 15 acres of land are not readily available, our enquiries have shown that the number of agriculturists having grossly uneconomic holdings in the State is not very small. On an average, only 20 to 25 % agriculturists have fair sized holding. It follows that a large majority of agriculturists cannot derive their bare livelihood from their holdings. It would therefore seem desirable to introduce, as and when conditions are favourable, measures which would prevent fragmentation. It has long since been recognised that there is no final remedy for fragmentation as long as the process of sub-division among agriculturist families remains unchecked. The Government of Saurashtra has very recently moved a Bill for prevention of fragmentation and regulation of holdings. It provides for determination of local and standard areas, *viz.* the minimum area that can be cultivated as a separate plot in a local area, less than which would be considered a fragment, and it purports to prohibit transfers and leases of fragments and portions which would create fragments. There is also a Circular of the Revenue Department to the effect that no sanction to partition of any holding shall be accorded which would have the effect of reducing the holding of *Jirayat* land to below 8 and of *Baqayat* land to below 4 acres.

These measures are calculated to ensure fair sized holdings remaining with the cultivators.

106. The land policy of the State is recently aptly described in the preamble of its Notification under which draft rules are published as regards disposal of cultivable padtar land, namely, that the ultimate ownership and management of land shall be vested in the village community, including

non-agriculturist section thereof, the pattern of cultivation being individual farming, co-operative joint farming or co-operative tenant farming.

A Joint Farming Society organised at Agaria in the Rajula Mahal of the Gohilwad district started in the year 1949-50 furnishes a good example of the possibilities of joint farming of cultivable fallow. A team of sixteen members organised a Society and obtained on permanent lease about 500 acres of cultivable waste from the proprietor Talukdar. They built up joint assests of agricultural means consisting of implements, bullocks, tools, plants and even a tractor. They made their abodes on the fields and made common messing arrangements. The soil that was lying waste for a number of years was broken and is converted into economically productive land.

The progressive working of this society furnishes an example of what co-operative effort on the part of energetic agriculturists can achieve in the direction of improved agriculture, marketing of agricultural produce, cottage industries and generally of acquiring self-sufficiency and economic stability.

Another instance of co-operative effort towards increased agricultural production is furnished by the multi-purpose co-operative society organised at Nēdi in the Kundla taluka of the Gohilwad district which has been successfully carrying on irrigation operations over an extensive area by means of electric power.

107. Unrestricted title to land sometimes lands the needy agriculturist into difficulties and has indirectly a detrimental effect on agriculture. It is learnt that in the khalsa area of the Gondal State where the cultivators' title to land was absolute and unrestricted, a few thousand acres of good agricultural land passed into the hands of non-agriculturists. Transfers of land to non-agriculturists were prohibited by the

Government of Saurashtra fairly early by an Ordinance passed in July 1949 but the conferment of occupancy rights on cultivators of khalsa land was also found to have caused a tendency among them to make alienations indiscriminately. A Circular was issued by the Government to restrict alienations by enjoining that no cultivator should make any sale of his agricultural land as would reduce his holding to below 32 acres limit and no cultivator could make any purchase of agricultural land as would enhance his holding to over 80 acres. As these orders, however, have no statutory sanction behind them, the tendency though checked to some extent, has not been eradicated and alienations of land appear to have been freely made, and registered. The table given in Appendix XV is only illustrative of the nature and bulk of alienations which took place from 1947-48 to 1951-52 in some of the Talukas or Mahals.

108. The Agrarian Reforms Commission, Saurashtra, suggested in paragraph 150 of the report that transfer of land should be absolutely banned if it reduced the area left with the transferring tenant to below an economic holding, unless he wanted to sell his land entirely. That is also the view expressed in replies to our Questionnaire from responsible quarters. With this view we also agree. We understand this important question is already engaging the serious attention of Government.

109. Another problem that has an intimate bearing on agricultural land as an asset in national economy is that of tenancy. The Agrarian Reforms Commission suggested in the same paragraph that a new tenancy legislation, largely based on the Bombay model would also be necessary. The Tenancy Act should provide, it observed, for sub-letting only in cases of disability, *viz.* minors, widows and other disabled persons. "Such a provision," the Commission remarked, "will indirectly prevent accumulation of large areas of land in the hands of a

few persons which results in landlordism and deterioration of the genuine peasantry ”

It appears that since the enactment of Land Reforms and Barkhali Abolition Acts, the size of the tenancy problem in Saurashtra is considerably reduced. But, unless sub-letting is prevented in time, the problem of absentee cultivation would assume larger dimensions. The occupant should no longer figure as an intermediary between the State and the actual tiller. The occupant must be the tiller and the tiller must be the occupant except under special conditions mentioned above.

With a view to establishing and maintaining direct contact between the tiller and the land by abolition of the system of sub-letting and making future leases void and preventing a class of intermediaries from growing up in the State, the Government in the March 1953 session of the Saurashtra Legislative Assembly introduced a Bill *viz.* The Saurashtra Prohibition of Leases of Agricultural Lands Bill 1952 which requires existing leases to be registered and provides for abolition of future leases. It provides for exceptions in the case of (i) widows (ii) minors (iii) persons subject to any physical or mental disability and (iv) members of the Armed Forces. Moreover, it does not affect the operations of the provisions of Chapter III of the Saurashtra Land Reforms Act which regulate the relationship between garasdars and their tenants for such time as the latter do not acquire occupancy rights by payment of six multiples of assessment to their garasdars.

110. These are some of the aspects of the land problem in Saurashtra today which we have thought proper to mention before entering on an examination of the main problem of indebtedness among agriculturists.

CHAPTER VIII.

INDEBTEDNESS AMONG AGRICULTURISTS; GOVERNMENT DUES;
DUES TO CO-OPERATIVE INSTITUTIONS, ETC.

111 Under our Terms of Reference we are required to investigate the question of indebtedness among agriculturists including "occupants and their tenants as well as garasdaras, barkhalidars and their tenants and sub-tenants if any, prior to the enactment of the Saurashtra Land Reforms Act and the Saurashtra Barkhali Abolition Act and thereafter."

112. For the purposes of Land Reforms and Barkhali Abolition Act, the term 'agriculturist' is defined as 'a person who cultivates land personally'. Ordinarily an agriculturist is understood to be a person whose principal source of livelihood is agriculture. We propose to investigate the question of indebtedness among agriculturists, bearing in mind both the legal and ordinary interpretation of the terms "agriculturist" and "agricultural debts". Although nearly 70 % of the garasdaras and barkhalidars did not hitherto do any personal cultivation, their main source of livelihood was income from agriculture. Now, of course, all garasdaras and barkhalidars having gbarkhed land and also land for personal cultivation would be under obligation to cultivate it personally. As regards tenants of garasdaras and barkhalidars, with very few exceptions if any, they have been and will be cultivating land personally and their principal source of livelihood has been and will continue to be agriculture so long as they hold the land.

113. A question arises as to whether all phases of indebtedness which we are required to investigate should be considered as falling strictly within the category of 'agricultural debt'. The terms 'agricultural debt' would ordinarily connote debts incurred for *bona fide* agricultural purposes and not debts incurred by an agriculturist for purposes other than agriculture. If this

interpretation of 'agricultural debt' is accepted, the scope of our enquiry will be considerably restricted and it is not improbable that the purpose of the inquiry especially regarding girasdars and barkhalidars would also be defeated. The debts which these classes incurred in the past were, as borne out by our enquiries, more on account of improvident expenditure and deficit family budgets than for agricultural purposes. Some witnesses were definitely of opinion that such debts should be excluded, since they were not for purposes even remotely connected with agriculture. We have given this matter very careful attention. We feel that to exclude such debts from the scope of our enquiry would be to deny the benefit of debt relief to the classes who are now agriculturists and who need it most for the purpose of their re-habilitation. We have therefore, interpreted the term 'agricultural debt' as meaning all debts incurred by agriculturists for agricultural as well as other purposes. The proposals that we are making in Chapter XII regarding debt relief legislation are based on this interpretation.

114 We propose to deal in this Chapter with agricultural debts contracted from or due to Government, the Saurashtra Central Co-operative Land Mortgage Bank Ltd., and other Co-operative Institutions in the State. From the information gathered through sample survey with which we shall deal in detail in the next Chapter, it appears that a considerable portion of debts due by occupants and their tenants as well as tenants of garasdars and barkhalidars is on account of advances taken by them from Government as tagavi; there is also the liability on account of suspension of land revenue granted by Government. The debts due by tenants of garasdars are also on account of arrears of rent and in some cases tagavi advances due by them to their landlords and on account of borrowings from the Central Co-operative Land Mortgage Bank for the purpose of acquiring occupancy rights under the Land Reforms legislation. The loans

and advances taken from Co-operative Societies are comparatively small and such loans were hardly available to garasdars, barkhalidars and their tenants.

115 On the 31st March 1948, *i. e.* about the time of integration, the outstandings on account of tagavi advanced by the former States stood at about Rs 28.72 lakhs

The position as regards advances of tagavi and recoveries from the year 1948-49 to 1951-52 is given in the following table.

<i>Years</i>		<i>Advances</i>	<i>Recoveries</i>
1948-1949	...	52,24,657	7,82,938
1949-1950	...	1,02,47,425	30,78,603
1950-1951	...	60,16,841	43,50,286
1951-1952	...	94,26,884	30,37,339
		3,09,15,807	1,12,49,166

Thus, inclusive of outstandings remaining due on integration, the tagavi outstandings as on 31st March 1952 amounted to about Rs. 2.253 crores. The recoveries have generally been satisfactory in spite of two years of scarcity intervening. Incidentally it may also be mentioned that although no advances of tagavi were generally made to tenants of non-khalsa areas by the former States and Estates, no such differentiation was made in the new set up except for a short time after integration and the figures shown above represent tagavi outstandings due from the cultivators both of khalsa and non-khalsa areas. During the short interval when advances to cultivators of non-khalsa areas were not made by the State, the garasdars and barkhalidars have, it is understood, made advances to them, the figures whereof are not readily available.

116. The extent to which tagavi advances were made by Government to the cultivators during the year 1951-52 for

various purposes may be seen from the following particulars :—

Purpose	Amount Rs.
New wells	... 36,94,873
Old wells	... 12,15,846
Bullocks	... 14,48,770
Seeds	... 7,91,384
Kosvarat	... 7,89,123
Grass	... 2,02,779
Implements (tools and machines)	... 2,25,521
Bund palas	... 1,36,593
Maintenance	... 1,69,553
Sundry other purposes	... 1,91,275
Total	... 88,65,717

This shows that the major portion of the advances is for land improvement or productive purposes.

District-wise figures of tagavi advances for the above purposes are given in Appendix XVI.

117. The liabilities of cultivators on account of arrears of land revenue and current outstandings as on the 28th February 1953, amounted to Rs. 1,62,81,490.

Although the figure appears to be big, it has to be remembered that the Saurashtra State immediately after formation suffered a severe scarcity which necessitated suspension of revenue. This was followed by two years of average season but in the third year unfortunately, a large portion of the State suffered a second scarcity. The figure of arrears of revenue should therefore be judged in light of these

circumstances. It does not represent normal indebtedness among agriculturists. The following figures indicate arrears of land revenue as on 28th February 1953, in the five districts of the State :—

District.	Amount		Rs.
	Outstanding on the basis of demand fixed under annawari.		
	Arrears.		Current year's
Gohilwad	... 16,88,877		3,76,573
Halar	... 18,31,128		8,46,097
Madhya Saurashtra	... 32,21,290		12,32,264
Sorath	... 29,37,150		14,31,783
Zalawad	... 20,59,138		9,57,190
Total	... 1,17,37,583		45,41,907

118. The Government advanced loans to garasdars from 1948-49 to 1951-52 amounting to Rs. 33,39,433 of which Rs. 27,83,614 remained due at the end of the year 1951-52.

119. The outstandings due from garasdars and barkhalidars upto the end of the year 1951-52 on account of recovery of 12½% of assessment paid by their tenants amounted to Rs. 7,53,542.

120. The figures of arrears of rent due by the tenants of garasdars and barkhalidars are not available. These arrears would obviously date from 1947-48 as prior to this period rents were mostly paid in kind. The rents might have fallen into arrears partly on account of disputes that arose between land holders and their tenants in some cases and partly on account of the inability of the tenants to pay them on account

of scarcity conditions. We have also no data on the basis of which the liability of tenants on account of arrears of rents can be estimated. Similarly no figures are available as regards tagavi advances made by Garasdars/Barkhalidars to their tenants.

121. As stated at the end of para 99, the tenants have borrowed from the Saurashtra Central Land Mortgage Bank Ltd. Rs. 139 crores. Further advances will presumably be made when the remaining tenants require financial accommodation for purchasing occupancy rights. The liabilities incurred by tenants on this score would represent the assets of Girasdars.

122. A statement showing the loan operations of Co-operative Societies in the State is appended (Appendix XVII). It shows that loans due to Agricultural Credit Societies amounted on the 28th February 1953 to Rs 11,42,009 and those due to Multi-purpose Societies amounted to Rs. 9,57,590.

123. Thus the outstandings due by different classes of agriculturists are approximately as under :—

<i>Nature of Outstandings.</i>	<i>Amount Rs. in crores.</i>
(1) Tagavi Outstandings due by by Cultivators.	2.253
(2) Arrears of land revenue dues by cultivators.	1.628
(3) Dues to Government on account of loans advanced to Garasdars	278
(4) Dues to Government on account of assessment charges at the rate of 12½ % payable by garasdars and barkhalidars.	.753

(5) Dues to to Saurashtra Central Co-operative Land Mortgage Bank on account of demands made by tenants of garasdars.	1.398
(6) Dues to Co-operative Credit Societies.	.209
	<hr/>
Total...	5.511
	<hr/>
(7) Dues on account of arrears of rent payable and tagavi advances repayable by tenants to their Garasdars and Barkhalidars.	Not estimated.

For the reasons detailed in Chapter XII all these dues are proposed by us to stand excluded for purposes of debt conciliation.

CHAPTER IX.

SAMPLE SURVEY.

124. The Committee's Terms of Reference required a sample survey to be made on a general basis and with special reference to the Girasdari problem. No extensive survey was contemplated because it was thought that the results of survey already started under Prof. Vakil would also be available. As those results were not available, the Committee would have liked to carry out the survey of a large number of villages in each District. The sample survey had however to be restricted to only twelve villages for the reasons already mentioned in the Introductory Chapter.

125. Appendix II gives a detailed list of villages selected. As regards non-khalsa villages, various types of villages were selected *viz.* Talukdari, Bhayati, Mulgiras, Barkhali (Chakariat) belonging in the past to States of different ranks as well as Agency administered area. The selection of the villages was also made on considerations of their varying economic conditions. The selection of khalsa villages was also made on considerations of their land systems and agricultural economy. Thus, the villages selected are fairly representative and although the survey was carried out in a short period, it gives a fair picture of the conditions of rural economy and indebtedness among all classes of agriculturists, namely, girasdars, barkhalidars, occupants and tenants of girasdars/barkhalidars.

126. The survey has also dealt with almost all important aspects of rural life, the family in each village having been taken as a unit of survey for ascertaining its individual economy and framing an estimate of the collective economy of the village with special reference to its assets, liabilities and potentialities. The Investigators were required to collect information in comprehensive proforma and in accordance with detailed instructions. Necessary precautions were taken to ensure accuracy of survey.

The results of the sample survey are concisely tabulated below :—

The general particulars relating to the twelve villages selected for the sample survey are given in the following table :—

TABLE I.

Sr. No.	Items.	Gohilwad.	Halar.	Madhya Saurashtra.	Sorath.	Zalawad.
1	2	3	4	5	6	7
<i>Khalsa area</i>						
1	Number of villages surveyed.	1	2	1	1	1
2	Names of the villages.	Bhumbhli	Bhensdad.	Varad	Virnagar	Moti Monpari Mansar
3	Of which former State or Thana.	Bhavnagar.	Dhrol.	Nawanagar	Nawanagar	Junagadh Dhrangadhra
4	Name of Taluka/ Mahal in which situated.	Bhavnagar.	Dhrol.	Bhanwad	Jasdan	Visavadar. Halvad
5	Population...	1,378	1,240	2,610	1,830	2,425 179

	1	2	3	4	5	6	7
6	Number of families						
	Agriculturists...	169	94	228	173	212	26
	Non-agriculturists.	201	101	248	175	188	6
		<u>370</u>	<u>195</u>	<u>476</u>	<u>348</u>	<u>400</u>	<u>32</u>
7	No. of families surveyed						
	Agriculturists...	26	30	37	32	55	20
	Non-agriculturists.	5	3	12	8	5	—
		<u>31</u>	<u>33</u>	<u>49</u>	<u>40</u>	<u>60</u>	<u>20</u>
8	Agricultural Land acreage—						
	Jirayat :—	2972	3,162	7,070	4,974	5,344	1,346
	Bagayat	100	240	888	577	343	60
		<u>3072</u>	<u>3,402</u>	<u>7,958</u>	<u>5,551</u>	<u>5,687</u>	<u>1,406</u>
9	Agricultural holdings (acres) covered by survey.	435	1,043	1,085	736	2,024	1,406

10	Soil fertility ...	Medium: sub soil water not good.	Poor	Medium though some tracts very poor	Medium	Medium inferior	Medium
11	Rainfall ...	20"-22"	12"-15"	12"	21"	15"-20"	17"
12	Crops ...	Mostly food crops, no cotton, very little ground nuts.	Mostly food crops, no cotton, no ground nuts.	food crops and ground nuts	One third underground-nuts, no cotton.	Nearly half under gro- undnuts, no cotton	Nearly half under cotton
13	Economic holding (acres) according to popular view.	40	40	32	40	20	40
14	Among the families surveyed—						
	No. having one economic holding or more.—	4	10	5	6	49	16
	No. having half economic holding or more, but not more than one.	4	17	22	11	3	7
	No. having less than half economic holding.	18	3	10	7	3	3
		26	30	37	24	55	26

families of occupants

1	2	3	4	5	6	7	
15	Institutions	Co-operative credit Society.	...	...	...	...	...
		Gram-Panchayat.	—	Gram Panchayat	Gram Panchayat	—	—
16	Additional particulars	About 50% of cultivators are of the kharak community; and they are industrious. The rest are Ahirs.	Soil productivity is very poor	General economic condition of the village and the village people good. The cultivators do not generally mortgage or sell land although they are enjoying occupancy rights from a long time.	There are Girasdaras well as Barkhalidar families some of which have been surveyed.	Exposed to damage by ferocious animals.	Being cotton growing area, the debts are periodically wiped off in years of good cotton harvest. The farmers are used to forward sale of crops.

Non-khalsa area.

1	No. of villages Surveyed.	...	...	...	...	...	...
	Talukadar ...	1	...	...	...	...	...
	Bhayati ...	...	...	1	...	...	1
	Mulgiras ...	...	1	...	1	...	...
	Barkhali ...	...	...	...	...	1	...
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		1	1	1	1	1	1
2	Names of villages.	Hathasni.	Bhopalka	Sindhavadar.	Khambhalia	Sidowkar	Limli
3	Of which former State or Thana.	Chowk Thana.	Navanagar	Wankaner	Junagadh	Junagadh	Muli
4	Names of Taluka/ Mahal in which situated.	Palitana.	Kalyanpur	Wankaner	Bhesan	Veraval	Muli
5	Population ...	1,172	762	1,473	1,147	1,504	910
6	No. of families.						
	Agriculturists --	65	96	103	119	116	60
	Non-agriculturists.	174	47	165	41	147	110
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		239	143	268	160	263	170

1	2	3	4	5	6	7	
7	No. of agricultural families surveyed :—						
	Girasdars ...	11	21	5	4	...	8
	Tenants of Girasdars ...	21	5	30	15	..	22
	Barkhalidars...	2	2	2	...	7	...
	Tenants of Barkhalidars ...	...	...	3	...	29	...
	Occupants ...	...	...	9	18	...	...
		<u>34</u>	<u>28</u>	<u>49</u>	<u>37</u>	<u>36</u>	<u>30</u>
8	Agricultural land (acres)—						
	Jarayats ...	2,348	2,477	3,185	4,253	504	5,180
	Bagayats ...	...	83	577	114	400	36
		<u>2,348</u>	<u>2,560</u>	<u>3,762</u>	<u>4,367</u>	<u>904</u>	<u>5,216</u>
9	Agricultural holdings (acreage) covered by survey.—						
	Girasdars ...	1,431	1,344	415	216	...	623

	Tenants of Gar-						
	esdars	... 607	152	705	423	...	1,037
	Barkhalidars	... 19	24	60	...	664	...
	Tenants of Bar-						
	khalidars	... ..	...	132	...	427	...
	Occupants	... ..	...	431	799	...	...
		<u>2,057</u>	<u>1,520</u>	<u>1,743</u>	<u>1,438</u>	<u>1,091</u>	<u>1,660</u>
10	Soil fertility	... Medium; sub-soil water not suitable.	Of every type; superior, medium & inferior.	Medium	Medium & inferior	Fertile Garden land	All type.
11	Rainfall	... 12" - 15"	16"	18"	20" - 30"	20" - 25"	15"
12	Crops	... Food crops; small acreages under groundnuts & cotton.	Food crops & groundnuts; small acreage under cotton.	Food crops; small acreage under groundnuts & cotton	About half the acreage under groundnuts	Mostly food crops; also fruits & vegetable crops	About half the acreage under cotton.

1	2	3	3	4	5	6	7
13	economic holding according to popular view.	40	40	40	40	20	40
14	Among the families surveyed						
	No. having one economic holding or more						
	Garasdars ...	6	9	5	4	...	3
	Barkhalidars ...	...	...	1	...	1	...
	Tenants ...	5	...	17	29	8	14
	No. having half economic holding or more but not more than one						
	Garasdars ...	5	2	...	...	...	...
	Barkhalidars ...	...	...	...	...	3	...
	Tenants ...	9	5	21	3	8	...
	No. having less than half economic holding						

Garasdars	...	...	10	...	...	5
Barkhalidars	...	2	2	1	...	3
Tenants	...	7	...	4	1	13
TOTAL		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Garasdars	...	11	21	5	4	...
Barkhalidars	...	2	2	2	...	7
Tenants	...	21	5	42	33	29
TOTAL	...	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	...	34	28	49	37	36
	...					30

15 Institutions

Wankaner
Khedut Co-
operative
Bank,
Sindhavadar
Multi purpose
co-operative
Society.

16	Additional particulars.	The girasdars were found over lording the tenants. The farmers are used to forward sale of crops.	The girasdars have reduced themselves to impoverished condition by mortgaging away their land.	The agriculturist class consists mainly of Momnas.	The tenants have applied for cash assessment. They are still paying $1\frac{1}{2}$ assessment as rent.	Government tagavi advances are conspicuous by absence	Well sinking is generally not successful in this area.
----	-------------------------	---	--	--	--	---	--

127. This table shows that the number of non-agriculturist families in the villages of Saurashtra is fairly large. Economic condition of the villages cannot materially improve unless the large non-agricultural population in villages is adequately and remuneratively employed.

The table also shows that bagayat lands constitute a very small portion of the total lands under cultivation. This is also borne out by the results of the community project survey (Appendix IX) according to which the percentage of irrigated to total net area sown is 5.0 in Manavadar Taluka and 10.2 in the Vanthali Mahal.

The table shows moreover that the number of families having less than one economic holding is fairly large. Reference is invited in this connection to all Saurashtra figures given in Appendix XIV and the result of community project survey extracted in Appendix IX.

It is obvious that due to lack of irrigation, intensive agriculture is not possible and the cultivators having less than one economic holding each cannot have adequate employment in agriculture. It has been pointed out in the report of the community project survey (Appendix IX) that Vanthali Mahal seemed to be much more indebted than Manavadar Taluka. In Vanthali Mahal 44 % of families are indebted while in the Manavadar Taluka the percentage is 34. It is significant that the percentage of less than half economic holding in Vanthali Mahal is 24, and that of more than half but less than one economic holding is 29 as against the corresponding percentages in Manavadar Taluka being only 5.3 and 20.5.

The period over which the debts of the families examined extended are given in Rupees in the following table:—

TABLE II

Names of Villages surveyed	1952	1951	1950	1949	1948	Total debt.
1	2	3	4	5	6	7
	<i>Khalsa area</i>					
Bhumbhli 26 Occupant families.	11,210	7,747	630	340	900	20,827
Bhensdad 30 Occupant families.	1,800	3,712	713	1,870	3,075	11,170
Virnagar 32 Occupant & other families.	No old or accumulated debts were found among the families examined.					9,315
Moti Monpari 55 Occupant families.	21,941	20,345	5,780	625	300	48,991
Mansar 26 Occupant families.	6,162	10,591	25,096	5,973	3,170	50,992
Verad 36 Occupant families. 1 Garasdar family.	7,389	14,760	5,625	250	4,700	32,724

* This is exclusive of accrued interest.

1	2	3	4	5	6	7
<i>Non-Khalsa area.</i>						
Hathasni ...	7,612	3,570	1,325	1,500	4,000	37,007
					+ 19,500 (1947)	
Khambhatia ...	28,429	9,751	6,854	...	...	45,034
Sindhawadar ...	19,005	3,280	6,562	5,775	350	35,422
					+ 400 (1947)	
Sidowkar ...	6,540	2,154	1,291	315	506 (1947)	12,606
					+ 1,800 (1935-1945)	
Limli (tenants).	4,217	2,993	3,633	950	...	11,793

72

The garasdars families of Limli have accumulated debts as shown below :—

	1947-52	1940-47	1930-40	1920-30	1900-20	1899-00	Total
(garasdars)	27,267	54,645	10,600	230	...	6,000	98,742

The tenants of garasdars in Bhopalka are debt free, but the garasdars have accumulated debts for the above-mentioned periods as shown below :—

Bhopalka (garasdars)	6,380	2,905	879	200	600	100	11,064
-------------------------	-------	-------	-----	-----	-----	-----	--------

As regards non-khalsa area, it may also be noted that the past debts owed by garasdar to money-lenders are much greater individually as well as collectively than those owed by their tenants as shown below :—

Names of Villages surveyed	Garasdar / Barkhalidar Families.		Families of tenants		Total	
	Surveyed No.	Amount of debt. Rs.	Survey No.	Amount of debt Rs.	Number of Families	Amount of debt Rs.
Hathasni ...	13	29,488	21	8,319	34	37,807
Bhopalka ...	23	11,064	5	...	28	11,064
Sindhavadar ...	5	14,355	37	21,067	42	35,422
Khambhalia ...	4	13,605	33	31,429	37	45,034
Limli ...	8	98,742	22	11,192	30	1,10,535
Sidowkar ...	7	1,904	29	10,702	36	12,606

128. The above tables show that there is hardly any problem of old accumulated debt in khalsa villages. Almost all the debts are recent and date from the year 1948 onwards. The situation in girasdari villages, however, is different. The garasdar families are heavily indebted and in one case the debts are as old as the year 1899/1900. The tenants of girasdar are almost debt free, perhaps because they had no occupancy rights and therefore no agricultural credit.

The Causes of indebtedness, Nature of debts and Sources of loans are indicated in the following table.

TABLE III.

Villages.	Families surveyed	Cause and Nature (Purpose) of Debt.		Aggregate amount of debt	Sources of Loans		Remarks
		Agricultural requirements (Seasonal distress)	Social and domestic requirements.		Govt. and Co-operative Societies.	Money lenders including relatives.	
1	2	Rs.	Rs.	Rs.	Rs.	Rs.	6

Khalsa Villages.

Bhumbhli	No. 26	Category Occupants	17,927	2,900	20,827	9,837	10,990	
Bhensdad	30	Occupants	10,770	400	11,170	5,605	5,565	
Virnagar	24	Occupants	6,259	3,056	9,315	3,030	6,285	
Moti Monpari.	55	Occupants	40,000	22,601	62,601	13,067	49,534	10 families debt free; 44 families do not appear to have taken any tagavi.

Mansar	...26	Occupants	28,349	22,643	50,992	9,404	41,588	1 family incurred debt of Rs. 4,615 on account of speculation.
Verad	...38	Occupants	23,899	8,825	32,724	8,514	24,210	Out of Rs. 24,210, Rs. 18,830 due to trader money-lenders.

Non-Khalsa Villages.

Hathasni.	13	Garasdars & Barkhalidars	11,394	12,750	24,144	7,782	30,025	
	21	Tenants	11,163	2,500	13,663			
					37,807			
Bhopalka.	23	Garasdars & Barkhalidars	5,253	5,811	11,064	833	10,231	Out of Rs 10,231 Rs. 2,582 are lent by Garasdars on usufructuary mortgage.
	5	Tenants.	The tenants are debt free.					
Sindhavadar	7	Garasdars & Barkhalidars	4,700	25,169	29,869	16,892	14,530	
	42	Tenants	2,890	2,663	5,553			
					35,422			

1	2	3	4	5	6	
Kham- bbalia.	4 Garasdars	5,630	7,975	13,605	570	13,035
	33 Tenants	19,582	11,847	31,429	14,331	17,098
				<u>45,034</u>	<u>14,901</u>	<u>30,133</u>
Limli.	8 Garasdars	1,902	96,840	98,742	1,902	96,840
	22 Tenants	4,251	7,542	11,793	4,251	7,542
				<u>1,10,535</u>	<u>6,153</u>	<u>1,04,382</u>
Sidowkar.	7 Garasdars	500	1,404	1,904	...	1,904
	29 Tenants	2,770	7,932	10,702	...	10,702
				<u>12,606</u>		<u>12,606</u>

129 The table shows that a considerable portion of the debts particularly in khalsa villages is incurred for agricultural requirements and for meeting distress arising from scarcity conditions. It also shows that a portion of the debt is due to domestic and social requirements. In the case of girasdars however, the position is different. The figures for the Limli village show that eight girasdars (of whom six are heavily indebted) have contracted debts of over Rs, 96,000 for social functions.

The table also shows that the amount lent by moneylenders including agricultural money-lenders, relatives and friends is larger than the amount lent by the Government. In khalsa villages, the amount lent by money lenders is roughly three times the amount lent by Government, while in non-khalsa villages, the proportion of money lent by money-lenders to that lent by Government is much higher.

In the Community Survey Project Report also (Appendix IX) it has been pointed out that the main sources of borrowing are money lenders, friends, relatives and Government.

The debts due by the families examined exclusive of dues to the Government and Co-operative Societies are shown in the following table :—

TABLE IV.

Names of villages.	Secured Debts.			Unsecured Debts.		Total of secured and unsecured debts.	Remarks.
	Nature of security.	Amount covered.	Rate of interest per cent.	Amount	Rate of interest per cent.		
1		Rs. 2		Rs.	3	Rs. 4	5
<i>Khalsa Villages.</i>							
Bhumbhli	House	900	10.5	5,201	9	10,990	The creditors generally belong to the class of trader money-lenders and agriculturist relatives. The latter are found to have made advances on personal credit in a large measure.
	Ornaments.	1,835	18 to 40	3,054	12		
		<u>2,735</u>		<u>8,255</u>			
Bhensdad	Ornaments.	400	12	5,165	12	5,565	
Virnagar	Land	750	Usufruct	5,535	12 to 37.5	6,285	
Moti Mon-pari.	Land	2,840	Usufruct	42,673	25 to 30	49,534	
	Ornaments	1,021	12.5				
		<u>6,861</u>					

1	2	3	4	5		
Mansar	Land	12,100	Usufruct	29,488	13 $\frac{3}{4}$ to 25	41,588
Verad	... ..	...	...	24,210	12	24,210
<i>Non-Khalsa Villages.</i>						
Hathasni	... Land	7,177	Usufruct	22,848	50 to 100	30,025
Bhopalka	... Land	6,311	Usufruct	3,920	12	10,231
Sindhavadar	... Land	14,355	6.5	4,175	6 $\frac{1}{4}$ to 12	18,530
Khambhalia	... Land	520	Usufruct			
	Other property	4,721	6 $\frac{1}{4}$ to 12	24,892	18 $\frac{3}{4}$ to 37.5	30,133
		5,241				
Limli	... Land	87,160	Usufruct.			
	House	4,910	18 $\frac{3}{4}$	9,242	18 $\frac{3}{4}$	1,04,382
	Ornaments	3,070				
		95,140				
Sidowkar	... Land	600	Usufruct.			
	Planatation	450	12	11,256	12 to 30	12,606
	Ornaments	300	30			
		1,350				

130. This Table shows different kinds of security available to money lenders and the rate of interest on secured as well as unsecured debts. The rates of interest do not appear to follow any general principle, but it is significant that the rates charged are very high. In the report of the Agricultural Labour Inquiry also (Appendix VIII) it is stated that the rates of interest varied from transactions to transactions.

The repaying capacity of various classes of agriculturist families examined is shown in the following table:—

TABLE V

Names of Villages	No. of families examined	Position as regards family budgets		Extent of surplus or deficit	Approximate value of holding per santi of 40 acres Rs.	General remarks
		Surplus	Deficit			
1	2	3	3	4	5	6
<i>Khalsa Villages</i>						
Bhumbhli ...	26	18	6	Small as regards deficit. Debt free families show square budget.	10,000	The holdings are reported to be fairly good, although every one has not got fair sized holding.
Bhensdad ...	30	18	4	Do 8 show square budget.	2,000	The soil is rather poor; family divisions responsible for reducing the size of holdings. In this village even garas-dars show surplus budget.
Verad ...	37	34	3	Annual surplus ranging from Rs. 40 to 800.	2,500	Occupants have fair sized holdings.

1	2	3	4	5	6	
Virnagar ...	32	27	5	Small as regards deficit.	...	...
Moti Monpari	55	35	10	Small as regards deficit. Debt free families show square budget.	4,500	On the whole, the occupants are able to maintain balanced economy.
Mansar	26	22	2	Small as regards deficit; debt free families show square budget.	5,000	Some occupants found it necessary to alienate land.
<i>Non Khalsa Villages</i>						
Hathasni—						
Garasdars	11	9	1	Small as regards deficit. The others show square budget		The garasdars are in a fairly good economic condition. The tenants are comparatively worse off.
Barkhalidars	2	...	...	
Tenants.	21	15	6			
Bhopalka—						
Garasdars	21	13	8	The deficit garasdar families are also indebted	Valuation of holdings	The garasdars are on the whole in straitened financial condition
Barkhalidars	2	1	1			
Tenants	5	—	—			

Sindhavadar—

Garasdars	5	The garasdars are reported to be maintaining balanced economy. The tenants of garasdars are also not in a bad way. The occupants are in a fairly good economic condition.		
Barkhalidars	2			
Occupants	9			
Tenants.	33			

Khambhalia

Garasdars	4	...	4	Deficit pretty big
Tenants	15	...	...	in each case.
Occupants	18	...	...

Limli—

Garasdars	8	2	6	Deficit very great in each case.
-----------	---	---	---	----------------------------------

Sidowkar—

Barkhalidars	7	The barkhalidars as well as their tenants are reported to be maintaining balanced economy. The economic condition of the tenants is however not so good.		
Tenants	29			

in garasdari barkhali villages not attempted as settlement work is still in progress.

The repaying capacity of all classes of agriculturists is fairly good.

The repaying capacity of the garasdar families is practically nil. The other families carry on at subsistence level.

The repaying capacity of the deficit families is zero.

The tenants have very small holdings.

131. This table brings it out that the majority of occupants showed surplus family budgets. The general results of the sample survey show that economic condition of occupants has improved since the second world war and they have a better standard of living. The economic condition of small garasdars is very unsatisfactory. The garasdars of the surveyed village of Limli, for example, are in a deplorable condition. A detailed statement of a few garasdar families of Limli is appended (Appendix XVIII).

It was found on our visit to Bhumbhli that the occupants had paid off a good portion of dues to the Government and the Co-operative Society during the current year which shows that the paying capacity of the cultivators is fairly good.

The provisional results of rural credit survey of two out of ten villages of Sorath viz. Bhensan and Khorasa which have been recently furnished also show that the cultivators who have incurred more expenses on their farms and less on family requirements possess better repaying capacity.

132. A consolidated statement regarding indebtedness among agriculturist families as revealed in the sample survey is also appended (Appendix XIX).

CHAPTER X.

INDEBTEDNESS AND ITS CAUSES: REPAYING CAPACITY.

123. With a view to arriving at well-founded conclusions in respect of the problem of relief required by and remedial measures that may be adopted for the benefit of the agriculturists of the State, it is not only desirable but necessary to estimate as far as possible, the volume of indebtedness among them.

134. Want of agricultural statistics has generally been a standing complaint and it is all the greater in agricultural debt inquiries in respect of a new State, evolved out of numerous States and Estates, in no two of which perhaps was the policy governing agricultural classes uniform or identical, to say nothing of over fifty thousand landholders who could all boast of their own independent revenue system. We have therefore to make the best of such information as could be elicited from replies to our questionnaire, the results of sample survey and the statistics available from Government records. As the sample survey covered only twelve villages, it would not be proper to frame any estimate of the volume of indebtedness merely on the basis of the results of the survey.

135. It has already been brought out in Chapter VIII that the aggregate amount of debts or liabilities due to (a) the Government on account of loans and advances as also arrears on account of suspended land revenue (b) the Co-operative Societies (c) the Land Mortgage Bank (d) the garasdars on account of rent in arrear and tagavi outstandings etc., comes to about Rs. 5.51 crores. We roughly estimate that the debts due to money lenders would definitely be still more. The volume of total debts due by all classes of agriculturists may thus be estimated at Rs. 12 to 14 crores. We give in the following paragraphs our general impressions of indebtedness among different classes of agriculturists.

136. The volume of indebtedness among occupants and their tenants does not appear to be generally very large. Debt relief enactments and remedial measures were introduced in their favour in the principal States of Kathiawar and some remissions were also granted during the previous regime. During the post-war period of inflated prices of foodgrains as well as cotton and groundnuts, the cultivators shared with the States to some extent at any rate, the benefit of the high prices. Therefore a good portion of the debt due by them at present is not the result of any accumulation of old debts but is of recent origin and is largely due to conditions of scarcity they had to meet at very short intervals after integration. But for this, a majority of cultivators would have perhaps been comparatively debt free.

137. The incidence of indebtedness among garasdars and barkhalidars, especially among small garasdars, is definitely much higher. Debt relief enactments and other remedial measures adopted by the former States did not generally apply in their cases. Although in the exercise of their independence in revenue administration, they took as their *vaje* etc., a good portion of the agricultural produce from their tenants, the net gain was hardly appreciable. Not only was this policy of exploitation of the cultivator suicidal, resulting as it did in poor agriculture and poorer return, but also the garasdars, due to their spendthriftness, had no sources to fall back upon in years of scarcity. They received little, if any, help from their States. If in some cases they did, it was not on easy terms. They had therefore to remain mostly at the mercy of money-lenders. It was only on the eve of integration that some States granted large scale remissions of State dues to their garasdars.

Our enquiry leads us to believe that 'C' class garasdars are heavily indebted; the smaller garasdars of 'B' class also are very much in debt; the bigger garasdars of 'B' Class and 'A' class however are better off and they may not present

much of a problem as regards indebtedness.

138. Barkhalidars could not contract debt as freely as garasdars principally because they were not free, like garasdars, to mortgage land. From our enquiries, however, it appears that this class is also indebted and now that due to the abolition of Barkhali system they are to take to agriculture, relief with regard to their indebtedness is necessary.

139. The tenants of garasdars/barkhalidars having the lowest credit for want of anything they could offer as security, could not contract debts on any large scale. This is also borne out by the sample survey and was confirmed by the evidence adduced before us.

CAUSES OF INDEBTEDNESS.

140. The consensus of opinion is that the main cause of indebtedness among occupants and their tenants is the frequent failure of monsoons. The results of investigation in the representative villages point to the same conclusion. The proportion of good *bagayat* land is very small. On the whole, soil productivity in the State is palpably low and although something was done to improve agricultural resources in some of the former States, it fell far short of what would enable the agriculturists to withstand the effects of scarcity on their agricultural economy.

As observed in Chapter VII (para 105) a large number of occupants have uneconomic holdings and not a few have what may be called grossly uneconomic holdings ranging between five and ten acres. The process of sub-division and fragmentation has also been going on among cultivating families with detrimental effect on their agricultural economy.

Another cause responsible for indebtedness among cultivators is that of indiscriminate and even extravagant expenditure on social occasions. Ordinarily hardworking, frugal and of simple living, cultivators are apt to be lavish in the performance of their social obligations. Being highly conservative, they could

not break away from age long customs and on social occasions they not unoften incur expenditure far beyond their capacities.

Cattle mortality has also to be taken into account as one of the causes of indebtedness among cultivators. Bullocks being the mainstay of agriculture, cultivators are required to replace their bullocks when they die. Bullocks, now cost a good deal more than in the past and in the absence of any scheme for insurance of bullocks, the cultivators have to incur debts to replace the lost animals. It is however rather surprising to note that in most of the replies to our questionnaire and also during the examination of witnesses we were informed that this was not much of an appreciable cause of indebtedness.

It is said that the cultivators have now a days a tendency to easier ways of life. They are becoming less industrious and it is also alleged that some indulge in speculation. It may be so in some cases. It cannot however be regarded as a general cause of indebtedness.

As regards litigation, the general view is that it is hardly a cause of indebtedness among cultivators. While we are inclined to agree with that view, we find that litigation is not altogether absent among the causes of indebtedness. Tenants of non-khalsa area were particularly worse off in this respect than those of khalsa area. Disputes regarding land and rent between them and their landlords were fought out in successive courts much to their hardship,

Acquisition of occupancy rights, fixity of tenure and light assessment serve as an incentive to cultivators to go in for long range agricultural improvements such as, sinking of wells, installation of power pumps, construction of bunds etc. Debts incurred on this score, are productive and as such should not in any way seriously affect their economy

However, non-availability of agricultural finance, as and when required, compels the cultivators to procure it at

any cost and thus to pay heavily for the same. This important aspect of the problem has been dealt with later in this report.

141. Famine and other natural calamities, poor productivity of soil, lack of water for irrigation and other resources, cattle mortality, litigation etc. have affected the agricultural economy of garasdars/barkhalidars as much as that of occupants, if not more. In years of scarcity and natural calamities, they were usually in a helpless condition. They could not help themselves, much less could they help their tenants. As a class they are not used to personal cultivation or hard life. Even those who had gharshed could not compare favourably with ordinary cultivators as they did not attend to it as industriously as the cultivators. Moreover, they could derive no assistance in field work from their womenfolk who observe Pardah. As Garasdars were competent to mortgage their lands, they reduced themselves to a position of landlords without actual possession of land. In some cases they mortgaged their land to their tenants also. As a typical instance in point, may be cited the case of mulgaras estate of Katuda (under Wadhwan Taluka) where out of 2,388 acres 600 were mortgaged to tenants and 400 acres to others.

The Committee would have been in a much better position to assess the extent and nature of indebtedness among garasdars if such information had been available to them on a wider range. The few garasdar witnesses who gave oral evidence in addition to their replies to our questionnaire ascribed indebtedness among garasdars and barkhalidars generally to the causes set forth above. We have also come across views from garasdar quarters according to which besides the above causes, indebtedness is ascribed to their having had to borrow during the last five years on the security of properties other than land on onerous terms.

REPAYING CAPACITY.

142. Opinion as regards repaying capacity of agriculturists

as a class having increased after the war is somewhat divided. Some are inclined to the view that the denominator of expenses against income having shot up, the ratio of repaying capacity as against earning capacity has hardly undergone any change. It only tantamounts to $\frac{3}{4}$ having become $\frac{75}{100}$. We however do not subscribe to this view in its entirety. No doubt, the cost of agricultural operations has increased and so has the cost of living, but as regards cultivating classes, under post-war conditions, the balance of agricultural economy appears to be in favour of the agriculturist sector as a whole. A large number of small cultivators, however, has not benefitted.

This opinion is confirmed in the following observations of the Rural Banking Inquiry Committee :—

“ It is clear from such economic data as are available that taking the rural population as a whole, there has been an increase in money incomes due to the rise in prices of agricultural commodities and that although other prices and costs have also been rising, the terms of exchange appear to be, on the whole, relatively favourable to agriculturists and a margin has been available for savings. But many have held the view that whatever benefit may have accrued to the agriculturists sector as a whole, this has largely gone to a small number and that the vast majority of the rural people have either not benefitted at all or have even suffered to some extent.”

The Bengal Famine Commission also observed that judging from the replies received from a large number of provinces, it appeared that small holders as a class had not benefitted materially.

The same conclusions were arrived at by the Commissioner of Economic Development and Planning, Mysore State, who observed—“ Contrary to the general impression, the amount of indebtedness far from being reduced had actually registered

an increase on the whole." The Special Officer in charge of the (1945) Resurvey, Mysore, aptly observed as under :—

"The average and the poorer ryot forming nearly 85 % of the land-owning families has not, however, derived any extra income from land on account of the high prices of agricultural products, but when he has not produced sufficient for his subsistence he has had to pay the prevailing high prices for the foodgrains required by him. He had further to pay high prices for the requirements of cultivation such as, cattle, fodder, cart, agricultural implements and also for the necessities of life such as clothing, fuel, lighting etc. He had therefore to borrow for his subsistence..... This leads to the irresistible conclusion that during the 4 years, the average ryots owning limited extent of land and the landless classes have not been benefitted by the rise in prices of agricultural products ; but on the other hand their position has grown worse and their debts have increased. It is only the few big landlords and businessmen who had opportunities for profiteering during the war that have derived benefit on account of rise in prices and they form only a very poor percentage of the total population. There are indications that many of them have liquidated their debt or cleared off a good portion of it."

143. We may add that our enquiry indicates that some of the agriculturists who derived handsome benefits of high prices of agricultural produce have become agriculturist creditors.

144. We have to draw a distinction in this respect between the class of agriculturists who are actual tillers and those who were absentee landholders. Although in the share-in-kind system that generally prevailed in non-kbalsa areas, the absentee land holders shared the benefit of high prices with their tenants, the quantum of benefit to be shared was small on account of the fact that their tenants were

indifferent cultivators. On the other hand the cost of living to which these classes were used rose far beyond their means.

Thus, while the results of investigation as regards repaying capacity of occupants and even tenants are fairly encouraging, they tell a different story as regards small garasdaras and barkhalidars.

145. The repaying capacity of agriculturists would improve if facilities are provided for them to realise the best prices of their agricultural produce. Such facilities can be extended by co-operative marketing societies. It should also be possible for multipurpose co-operative societies to function as marketing societies. Regulated markets and licensed warehousing would be greatly helpful to the expansion of co-operative marketing societies. We have found absolute unanimity in answers to our Questionnaire as well as in oral examination as regards need, desirability and utility of marketing facilities. In the absence of these facilities and of holding-power, cultivators have to dispose off their produce when there is slump in the market and generally they enter into most unfavourable transactions with their trader money lenders. Some witnesses have gone to the length of stating that if adequate facilities of marketing agricultural produce are available, the problem of agricultural finance will be almost solved and there will remain very little of the problem of agricultural indebtedness. Agriculturists must therefore be helped in all possible ways so as to enable them to reap the best harvest and to realise the best price. The repaying capacity of agriculturists is the barometer of rural economy. Nothing in the direction of rural uplift will have been achieved unless and until it shows higher index. Agriculturists who are wedded to the soil and whose repaying capacity is strengthened would no longer remain exposed to the nightmare of indebtedness.

CHAPTER XI.

SOURCES OF LOAN : AGRICULTURAL FINANCE.

146. The sources of loan, as at present, available to agriculturists of all classes are :— (i) Government, (ii) Co-operative Institutions, and (iii) Money Lenders. The sample survey has shown that pretty much of agricultural finance has for some time been provided by the Government at $2\frac{1}{2}$ to 5% rates of interest. Co-operative Institutions have not so far made advances to agriculturists on a large scale; their rates of interest are reasonable ranging as they do between $6\frac{1}{4}$ to 9%. Next to Government, private money lenders including agriculturists have continued to finance the agriculturists, but only on terms which tell heavily on their economy. We feel and every one appears to agree that it is high time that Co-operative Institutions should play a leading part in providing the bulk of finance to agriculturists. It need hardly be stressed that provision of adequate and timely finance is a matter of very great importance to agriculture.

147. Agricultural finance, short-term and intermediate, as the case may be, should satisfy the following conditions :—

- (i) It should be available as and when necessary in such small sums as may be required for various operations, such as ploughing, manuring, sowing, harrowing, weeding, winnowing, harvesting, marketing, etc.
- (ii) It should be adequate for meeting the cost of each operation.
- (iii) It should bear a moderate rate of interest.
- (iv) It should be repayable after the produce is marketed.
- (v) It should be provided by an agency which would function in the interest of the agriculturists as much as in its own interest.

Now let us examine the various sources of credit and how far they could answer these essential requirements.

148. The Government cannot answer the above requirements except those indicated in the items (iii), (iv) and (v). It cannot assume the role of short term (or intermediate) financing agency for agriculturists. Tagavi is advanced under the provisions of Agricultural Loans Act as well as under Land Improvement Loans Act, which in times of distress is liberalised.

149. The money lenders as an agricultural financing agency would answer the requirements indicated in items (i), (ii) and even (iv), but not (iii) and (v). Money lenders however unlike other agencies are generally in close touch with their constituent agriculturists with whom they often have also trade dealings. They do not, therefore, enter into any elaborate inquiries before making advances such as are made by Government or other Institutions providing credit. They make the advances as and when required without delay. But their terms are usually severe, their methods questionable, and they function more for their own benefit than for the benefit of the agriculturists. As such, they cannot serve as an ideal agricultural financing agency. We may, however, observe that we asked almost every witness about the place of the money lender in rural economy and their replies were very definite that the village money lender should have a definite place therein, but his operations should be controlled, so that he could be more useful and be prevented from adopting questionable methods. The witnesses referred particularly to the ease with which money could be obtained from the money lenders and facilities for re-payment which could not ordinarily be available from any institution or Government. With this opinion, we substantially agree for reasons which are given in a later chapter on money-lending regulations.

150. Co-operative Credit Societies in our opinion are therefore the best agency to provide to agriculturists, finance

(i) in small amounts as and when required; (ii) adequate for each agricultural operation, and (iii) at moderate rate of interest; (iv) it can wait for repayment till the harvested produce is marketed and generally; (v) function for the benefit of agriculturists.

151. The need and urgency of providing alternative institutional credit machinery for agriculturist can scarcely be over-emphasised. The high rate of interest alone to say nothing of mal-practices on the part of money lenders entails a heavy burden on agriculturists. 12 per cent is understood to be the minimum rate charged by money lenders. Having regard to the fact that even-to-day "savaya" i. e. 25 % premium is the usual practice, that in a number of cases the rate of interest runs very high and that usufruct of land mortgaged by garasdars to the money lenders meant payment of an exorbitant dividend, the extent of relief that could be afforded by providing institutional credit at say 6½ % interest would not be inconsiderable. Assuming Rs 8 crores as the amount of debt due by agriculturists to private money lenders and calculating interest thereon at 18 % (compound) which is not considered exorbitant in the profession and as such may represent the average, their annual liability on account of interest alone would work out to Rs. 1.44 crores. If the interest liability could be reduced by the provision of institutional credit at the rate of 6½ % interest, there would be an immediate relief to the agriculturist to the extent of Rs. .94 crore apart from the benefits of other debt relief measures. Moreover, this would substantially improve their repaying capacity.

152. It is, therefore, absolutely necessary that a system of alternate financing agency is established which could satisfactorily cater to the needs of the agriculturist particularly for his short term finance. This need is all the greater, since measures of debt relief are bound to freeze the existing sources of credit and while attempting to create facilities for the

cultivator we should not make it impossible for him to find finances necessary both for the normal requirements and for development purposes.

153. We would now make a few general observations for regulating tagavi advances and developing co-operative institutions; so as to improve the machinery of agricultural finance.

154. There is a general feeling that tagavi advances made by Government are neither adequate nor timely. On the other hand some witnesses felt that these advances were in several cases abused by the cultivators. The peasantry while taking full advantage of the borrowing facilities provided should not, as it often does, forget that the money is to be repaid. There is therefore need to limit borrowing to the minimum required. In the absence of efficient agencies to find out the borrowers' real needs, advances in some cases are out of proportion to actual requirements. The conditions attached to advances of tagavi are also not being strictly enforced, especially in the matter of recovery, which tends to make the borrowers somewhat irresponsible. The grant of tagavi advances on a liberal scale is however absolutely necessary in the interests of agricultural development, especially during periods of distress.

It is therefore necessary to devise measures to see that tagavi advances are made promptly and only in deserving cases. It has been suggested that for this purpose, we could profitably utilise the agency of Co-operative Societies or Village Panchayats. With this suggestion we entirely agree. In all villages, where there are Co-operative Societies, which have some experience of assessing the creditworthiness of their members, tagavi advances may be made through the societies. That would ensure co-ordination of Government finance with co-operative finance and also ensure proper utilisation of the amounts advanced by Government. In villages where there are

no co-operative societies, tagavi advances may be made through the agency of Village Panchayats provided these institutions are working satisfactorily and agree to take up the responsibilities. As these bodies are in close touch with the rural population, they are in a position to appreciate better the genuineness of their needs as well as their credit-worthiness and repaying capacity. We hope that if the policy of granting tagavi loans through co-operative societies and / or village panchayats is adopted by Government in so far as it is possible, it would go a long way in minimising the complaints regarding delay or misuse. To a small extent this might also relieve the strain on public finance inasmuch as finances of co-operative societies would also be available for the purpose ; but where they have inadequate finance, it is necessary that Government may make available the finance to these institutions on suitable terms to enable them to lend to cultivators at reasonable rates of interest.

155. Co-operative Institutions in the State have not still developed sufficiently to fulfil all the requirements of seasonal finance needed for agricultural purposes. Their resources too are still inadequate. Co-operative movement is a slow evolutionary movement, and it would naturally take time to find all villages under the co-operative fold. It is, therefore, desirable on the one hand to concentrate on spreading a net work of co-operative credit societies within easy accessibility of agriculturists in small radii, and on the other, so to regulate the working of the other financing agencies as would minimise their defects. We have also no doubt that once co-operative institutions take up this work, the Reserve Bank would be able to assist them in providing the finance.

We would like to give here the following extract from the report of the Royal Commission on Agriculture :—

“Turning now to the future, we have no hesitation in recording our belief that the greatest hope for the salvation of

the rural masses from the crushing burden of debt rests on the growth and spread of a healthy and well organized co-operative movement based upon the careful education and systematic training of the villagers themselves;...apart altogether from the question of debt, co-operative credit provides the only satisfactory means of financing agriculture on sound lines. Thrift must be encouraged by every legitimate means, for the savings resulting from the thrift of the cultivating classes, form the best basis of the capital they require. If the rural community is to be contented, happy and prosperous, local Governments must regard the co-operative movement as deserving all the encouragement, which it lies within their powers to give."

It is very interesting to note that twenty five years later, identical opinion has been emphasised in the Report of the Planning Commission extracted below (Chapter VI, section 9):—

"Co-operatives are better able to mobilize local savings and utilize assistance made available by Government. The general aim should be to prepare programmes in the States to bring by 1955-56 a third of the population within the ambit of primary credit societies."

These observations apply to all classes of agriculturists, in fact to all sections of the rural populace. They touch the entire problem of rural economy, including what is stated to be the garasdari problem. In the strengthening of the co-operative credit machinery for all classes of agriculturists is the hope of rehabilitation of the entire rural economy.

156. It is, therefore, desirable to ensure that in order that the co-operative societies may answer all the essential requirements of agricultural finance satisfactorily, their working should be properly organised.

The Gadgil Committee observed "Theoretically co-operative societies constitute an ideal agency for rural credit, but in

practice it has been found that their working is in several cases defective".

157. According to that report, one of the chief defects is delay ; another defect is that the loans are not advanced as and when required ; thirdly rates of interest are also as high as 9 % which agricultural industry even under the best conditions would find it difficult to bear.

The Gadgil Committee has suggested how some of the defects may be obviated. In order to save delay, it is suggested that the borrowing time for each member and for each society should be fixed every year ; societies, soundly managed, should be provided with cash credit arrangements ; societies of good standing may be allowed to keep some cash in hand. For smooth working, repayments should be regular, wilful defaults being visited by coercive measures. Interest rate may run at $6\frac{1}{4}$ % etc.

158. If the co-operative credit societies are to function as the best agricultural financing agency as they should and could, the defects found in their practical working must be avoided and we are of opinion that they *can* be avoided. The rate of interest will depend mostly on availability of cheap money and the cost of working which may be economised consistently with considerations of their efficiency. Although it cannot be as low as that of Government finance, it could certainly be much lower than the minimum rate charged by money lenders. We have already referred to the financing of these institutions by the Reserve Bank and efficiency in administration can be secured if the local people are sincere and zealous and if the institutions are properly guided and controlled by the Department.

Saurashtra has been very lucky in this respect. The co-operative movement here has rapidly expanded and is taking firm root. The Registrar of Co-operative Societies tells us that some societies are functioning really well and the future is bright. Some witnesses however referred to the defects in the working of several societies. While this may be so, it may be

partly due to the newness of the movement and the difficulty in finding seasoned workers. This we hope will be remedied as the movement progresses. The Five Year Plan also provides for a rapid development of Co-operative Societies in the State, providing as it does for the establishment, during the period, of 1,776 societies which would include 1,271 Credit and Multi-purpose, 18 Marketing, 30 Farming, 12 Lift Irrigation and 445 other Societies. The plan also provides for the training of the personnel.

159. The State has already provided for the necessary Central Institution to finance and develop rural areas. The Saurashtra Co-operative Bank which was registered on the 15th October 1951 and inaugurated on the 4th May 1952 has as its object, the financing of the primary societies by acting as a co-ordinating and balancing agency of the funds of the various types of societies. With the assistance of the Reserve Bank of India, it would also be serviceable in making agricultural finance available to the primary societies at concessional rates of interest. It is intended that the Bank would collect surplus funds of societies and individuals and divert them for productive purposes in rural areas.

160. We would now refer to the functions and activities of the Saurashtra Central Co-operative Land Mortgage Bank Ltd. The main objects of the Bank were to advance long-term credit to agriculturists for purposes of land improvement and also to tenants of garasdars for acquisition of occupancy rights in respect of land in their possession. On the promulgation of the Saurashtra Land Reforms Act, about 50,000 tenants of garasdars were enabled to become occupants and direct tenants of the Government. They have to pay six-times the assessment of the land in their possession for acquiring occupancy rights. It was realised that all the tenants cannot pay the full six-times assessment from their own resources and that many of them will have to borrow the amount from somewhere. It would be denying the benefit of the Land Reforms Act, if they were

to be left for this amount to the private money-lenders. It was provided in the Land Reforms Act that the tenants could mortgage, to purchase the occupancy rights, the land which they were to get under the Act. It was, therefore, contemplated that it would be quite proper if the Land Mortgage Bank took over this function and advanced long-term loans to the tenants on the mortgage of land. This was the immediate function the Land Mortgage Bank took upon itself and by the time this report is being drawn up, the Land Mortgage Bank has advanced to about 25,000 tenants an amount to the tune of rupees one crore and thirty-nine lakhs as stated in Chapter VI. The Land Mortgage Bank has also raised its own resources by issuing debentures worth a crore of rupees, which were over-subscribed within half an hour of issue.

161. The Land Mortgage Bank has already made a significant contribution to the success of the scheme of land reforms. Its role is, however, wider. Its object is to develop, and we hope it will, into an organisation providing long term credit to agriculturists all over Saurashtra, particularly in the scheme of debt relief. We visualise that this Bank may have to pay off a number of creditors whose claims may be scaled down. We also visualise that once the unproductive debt is lightened, the agriculturists would go in for schemes of land improvement such as sinking wells etc., and the Land Mortgage Bank may have to provide the necessary long-term capital needed for those purposes. We are confident that the Bank will be able to play its appropriate role in the scheme of agricultural development in Saurashtra with the confidence it has already inspired in the investing public.

We would urge that the progress of the Saurashtra Central Co-operative Land Mortgage Bank and that of the Saurashtra Co operative Bank which is the fountain head of short and intermediate-term agricultural credit, be constantly watched, and necessary assistance for their development afforded by the Government.

CHAPTER XII

DEBT RELIEF LEGISLATION

162. We have discussed in Chapter X the Debt problem with special reference to smaller cultivators and to garasdars and cultivators of khalsa and non-khalsa villages and we have come to the conclusion that while there are varying degrees of indebtedness amongst the several classes, the need for relief is there. This is particularly so amongst the smaller class of garasdars and barkhalidars and cultivators with small holdings.

163. The causes of indebtedness among these various agricultural classes though not identical are more or less the same. The volume of debt is not uniform and the sources of loan differ. The repaying capacities of these different classes also differ very widely.

164. In the course of examination of witnesses one of the problems particularly referred to was the need for scaling down the debt of garasdars who under the land reforms scheme become agriculturists. Some of the witnesses and they were in a minority, were of the opinion that as the garasdar, when he incurred debts, was not an agriculturist in the real sense of the word, he need not have the benefit of the proposed debt relief legislation. These witnesses were of the opinion that the debts which were not incurred for purposes of agriculture should not be brought under the operation of agricultural debt relief legislation. Against this, however, the majority of the witnesses were of the opinion that if any class of people really need urgent relief, it was this class especially the smaller garasdars, that it was the duty of the State to see that their debt burden is appreciably scaled down, and that garasdars need rehabilitation and help in more ways than one, particularly in the form of debt relief and provision of finance for agriculture. The Committee considers that there

is considerable force in this majority opinion and that there should be no discrimination whatsoever in the matter of debt relief between the garasdars and barkhalidars who have now become agriculturists and other cultivators. They also feel that with regard to providing agricultural finance it may be necessary for us to go even out of our way so that garasdar is enabled to meet the initial capital expenditure to make it possible for him to start as an agriculturist.

165. We, therefore, recommend that debt relief legislation should be introduced for the benefit of all agriculturists in the State. This legislation should incorporate the essential provisions of the Khedut Protection Acts of the former States in so far as they are consistent with the context of subsequent events and also those of the more recent Debt Relief Acts, such as, the Bombay Agricultural Debtors Relief Act, in so far as they may be found suitable to local conditions and requirements.

166. The Khedut Protection Acts of the former States, *viz.* Junagadh, Nawanagar, Bhavnagar, Porbandar, Morvi etc. having not been formally repealed continued to be in force in the respective areas by virtue of Ordinance No. I of 1948. But in Civil Reference No. 2 of 1951, the High Court of Judicature, Saurashtra, has held that these Acts contravene Article 14 of the Constitution of India and are therefore void and unconstitutional under Article 13(1) of the Constitution as from 26th January, 1950.

A synopsis of the essential features of the Khedut Protection Acts of some of the former States is appended (Appendix XX) for ready reference.

167. Thus, although the agriculturists of some of the principal former States stood legally protected in the past, they are no longer so, and it is essential that in the larger interest of agricultural economy of the State comprehensive legislation

affording protection and relief to agriculturists is brought in the statute book of Saurashtra. The necessity for such a legislation is accentuated by the introduction of Saurashtra Land Reforms and Barkhali Abolition Acts which involve the problems of rehabilitation of garasdas, barkhalidars and tenants of garasdas and barkhalidars who have to mould their future destinies as *bonafide* agriculturists.

168. We are of opinion, therefore, that the legislation referred to above should be enacted as early as possible. We give below the main features of such a legislation and we shall make observations in detail on some of them in subsequent paragraphs—

- (i) Debtor (agriculturist) should mean a person who cultivates land personally and whose principal source of livelihood is agriculture as defined in the Bombay Agricultural Debtors Relief Act; personal cultivation should have the same meaning as is given in the Saurashtra Land Reforms Act;
- (ii) A debtor whose total debts exceed Rs. 25,000 (rupees twenty-five thousand), should be excluded from the benefit of the legislation;
- (iii) The following debts should be excluded from conciliation—
 - (a) any revenue or tax payable to Government or any other sum due to it by way of loan or otherwise;
 - (b) any tax payable to the local authority or any other sum payable to such authority by way of loan or otherwise;
 - (c) any sum due to co-operative society;
 - (d) any sum accrued due or falling due from time to time on account of maintenance under a decree

or order passed by a competent executive authority of the Government of Saurashtra, any of the former States etc., or the Political Agency ;

- (e) any sum due to a Scheduled Bank or the State Bank ;
 - (f) arrears of rent due by tenants to their landlords from 1948 onwards and dues if any on account of tagavi advanced by the latter directly or indirectly;
- (iv) adjustment of debts should be made through the machinery of duly constituted Conciliation Boards ;
 - (v) conciliation and scaling down should be provided for on a compulsory basis;
 - (vi) the time limit for submission of application for adjustment of debts may be fixed at six months from the date of notification inviting claims ;
 - (vii) the mode of taking accounts and determining the amount of principal and interest due on the date of claim should conform to the following provisions :—
 - (a) Separate accounts of principal and interest should be taken ;
 - (b) In the account of principal there should be debited to the debtor only such money as may from time to time have been actually received by him or on his account from the creditor as principal or the price of goods, if any, sold to him by the creditor ;
 - (c) In the account of interest there should be debited to the debtor simple interest on the balance of principal for the time being outstanding, at the rate agreed upon between the parties, or at the

rate allowed under any decree passed between the parties, or at a rate not exceeding 6 per cent on secured debts and 9 per cent on unsecured debts per annum, whichever is the lowest ;

- (d) All money paid by or on account of the debtor to the creditor or on his account and all profits, service or other advantages of every description received by the creditor in the course of the transactions shall be credited first in the account of interest, and when any payment is more than sufficient to discharge the balance of interest due at the rate specified, the residue of such payment should be credited to the debtor in the account of principal ;
 - (e) The accounts of principal and interest should be made up to the date of the institution of the application, and the aggregate of the balance, if any, appearing due on both such accounts against the debtor on that date should be deemed to be the amount due at that date, except when the balance appearing due on the interest account exceeds that appearing due on the principal account, in which case, double the latter balance should be deemed to be the amount then due ;
 - (f) Usufructuary mortgages should be deemed to have been automatically extinguished at the expiration of twenty years of mortgaged land having remained in creditor's possession and enjoyment ;
 - (g) Decretal debts not fully discharged may be re-examined.
- (viii) The debts thus determined should be scaled down in proportion to the paying capacity of the debtor which for the purposes of the legislation should be

taken to be as under :—

I. In the case of cultivator debtors—

(a) ten times the annual assessment on the debtor's holding ; or half the value of his holding, whichever is greater ; plus in either case—

(b) sixty per cent of the value of the debtor's other properties which are not exempt from attachment by Civil Courts.

II. In the case of garasdar debtors—

(a) ten times the full annual assessment, on the debtor's holding (i. e. land which was his gharkhed land, if any, and land allotted to him for personal cultivation) ; plus the equated value of fifteen years compensation amount ; or half the value of his holding as detailed above and the equated value of compensation amounts, whichever is greater ; plus in either case—

(b) sixty per cent of the value of the debtor's other properties (including the amount of occupancy price if any) which are not exempt from attachment by Civil Courts.

III. In the case of barkhalidar debtors—

(a) same as above, cash annuity (fifteen to eighteen years, as the case may be) being read for compensation amount ; plus

(b) sixty per cent of the value of the debtor's other properties which are not exempt from attachment by Civil Courts.

Provided, however, that in the computation of the paying capacity of garasdars and barkhalidars, the following shall always be excluded, namely, a sum equivalent to Rs. 30 per acre of the land held as Gharkhed and land allotted to them for personal cultivation under the Land Reforms Act and Barkhali Abolition Act.

A moot question arises with regard to garasdars whose tenants have not purchased occupancy rights. The general issues involved in such cases are very big and we believe that this position cannot continue indefinitely. We, therefore, feel that it is not necessary to consider the matter which appears to be hypothetical. We would, however, observe that in such cases the paying capacity of the debtors concerned would be the capitalised value of the rents payable instead of the equated amount of annual compensation payable to garasdars.

- (ix) Interest may be allowed to the creditor from the date of the award to the date of satisfaction of adjusted debts at a rate fixed by Government and notified in the State Gazette from time to time. The adjusted debts may be made ordinarily payable in not more than twelve instalments. Payment of different kinds of debts should be made in the following order of priority :—
- (a) debts due to Government which are charged on the immovable property belonging to the debtor or which are recoverable as the current year's land revenue ;
 - (b) debts and liabilities on account of maintenance as per para 168 (iii) (d) ;
 - (c) debts due to local authorities, which are charged on the immovable property belonging to the debtor or which are recoverable as the current year's due ;
 - (d) loans given by resource societies or by persons authorised by Government to advance loans for the financing of crops, if any ;
 - (e) secured debts in order of priority ;
 - (f) debts due to Government, local authorities and other local bodies including Co-operative Societies and recoverable as arrears of land revenue ;
 - (g) Other debts due to Co-operative Societies ;

(b) unsecured debts, provided that in the case of unsecured debts they shall be paid *pro rata*;

(x) If the debtor has no adequate paying capacity to pay adjusted debts in the maximum number of instalments that could be fixed, he may be declared insolvent.

But if he could be saved from insolvency by sale of such portion of his holding as is in excess of one economic holding, the proceeds of the sale may be made available for distribution among his creditors according to debt adjustment scheme.

169. We would now like to make a few observations on some of the above items with a view to explain and clarify our proposals.

Re. (i) --Section 11 of the Bombay Agricultural Debtors Relief Act provides that "no application shall be entertained on behalf of or in respect of any debtor unless the total of debts due from him on the date of application is not more than Rs. 15,000.

We have thought it proper to substitute Rs 25,000 for Rs. 15,000 mainly because some of the gajardars might have incurred large debts on the strength of title to land.

Re. (ii).—With regard to the debt proposed by us for exclusion, we may point out that we have adopted generally the categories of debts excluded in similar legislation in other States. A few witnesses suggested that Government debts and dues to Co-operative Societies should also be scaled down. With this view we do not agree, as neither the Government nor co-operative institutions undertook money lending as a source of profit. These loans are recent and primarily advanced either for land improvement or for meeting distress. There is no reason why the general tax payer should pay for them.

A few of the witnesses said that it was desirable to exclude from conciliation, debts incurred for immoral purposes, speculation etc. Apart from the difficulties involved in ascertaining the character of debts incurred in the past, we feel that the object of the legislation being to see that agriculturists are not weighed down with debts, if the debtors have to carry the load of indebtedness, they cannot make any headway in the direction of their agricultural improvement and the question of their rehabilitation would remain unsolved.

Re. (iv)-Machinery for debt conciliation—There are four alternatives ;

- (1) Civil Court.
- (2) Conciliation Board consisting of a Civil Judge and a Revenue Officer, with the Civil Judge presiding.
- (3) Conciliation Board as above with Revenue Officer presiding.
- (4) Conciliation Board with a Revenue or Judicial officer assisted by two local representatives who will be co-opted as Members.

Witnesses who are lawyers and judges have expressed before us their predilection for Civil Courts instead of special Conciliation Boards. They were of opinion that adjustment of debts involves many complicated questions of law which the Judiciary can decide better than Special Boards. On the other hand the majority of witnesses is of the view that the machinery of Special Boards would be more suitable and expeditious and it should be possible to have on the Board a Member or Members of legal acumen and experience to guide their deliberations. With this opinion we agree and we therefore suggest that the Board may be composed of three Members, the Chairman being preferably a person of the calibre and status of a Civil Judge and two members being men of sound revenue and accounts experience. The Boards may have also assessors

from local areas. Such Boards may have to be established, sub-division wise, largely depending on the volume of work.

Re. (v)—Conciliation on compulsory basis.—The consensus of opinion as elicited from replies to our Questionnaire is definitely in favour of conciliation and scaling down being provided for on a compulsory basis. A few, advocating adjustment on a voluntary basis, have observed that relief should be given to him who wants. We do not agree with this view. Relief should be given to those who need it. Debt adjustment on a voluntary basis has been tried in the past in different areas and found to have failed. No system of debt adjustment between parties in which one is in a position of disadvantage and almost dependent on the other can be helpful to the party for whose relief it is intended. As a result of this experience debt adjustment schemes on a voluntary basis were replaced in various parts of the country by adjustment schemes on a compulsory basis. Madras was the first Province to accept the principle of compulsion. Although the original Bombay Agricultural Debtors Relief Act of 1939 has undergone many changes the element of compulsion has continued to remain all along.

It is generally recognised that any kind of debt relief legislation — especially legislation on a compulsory basis, would cause shrinkage of credit. The garasdars are likely to experience the impact of shrinkage of credit all the more, for several reasons. Perhaps the only source of credit to a large number of garasdars was land. This they would no longer have except to the small extent of their occupancy holding for personal cultivation. It is represented by garasdar witnesses, and it is quite conceivable, that during the transition period through which they have passed they have drawn abundantly on their slender resources and their credit has declined. Alternative credit agencies would not be so easy of establishment in what were known as garasdari/barkhali villages as they may be in other villages, and in any event, it would take time. In such a state of

affairs the garasdars cannot afford to break away with their money lenders especially at this juncture when they, of all agricultural classes, are most in need of relief and financial accommodation. These considerations, however, do not warrant any conclusion that debt adjustment on a compulsory basis should not be made. On the contrary they go to establish the necessity of judicious compulsory adjustment and provision of adequate machinery of agricultural finance all over the State.

Re. (vii).—The rate of interest in computing balances due.— Considerable attention was focussed on the rate of interest to be allowed especially as a few witnesses favoured 12 % and some felt that a distinction should be made between secured and unsecured debts. The Committee unanimously agreed that not more than 6 per cent per annum on secured and 9 per cent on unsecured debts should be allowed.

*Re. (viii).—*We have given anxious thought to the question of scaling down in proportion to and determining the debtor's paying capacity.

The Bombay Agricultural Debtors Relief Act makes the following provisions.—

- (a) As regards loan transactions commenced before 1st January, 1931, interest is to be calculated at not more than simple interest at 12 % per annum and the amount of interest as well as the amount of principal determined in the prescribed manner is to be reduced each separately by 40 %;
- (b) Similarly as regards loan transactions after 1st January, 1931 but before 1st January, 1940, interest is to be calculated at not more than simple interest at 9 % per annum and the amount of interest as well as the amount of principal is to be reduced, each separately by 30 %;

- (c) And as regards loan transactions commenced on or after 1st January, 1940, simple interest is to be calculated at not more than 6% per annum.

The debts determined on the lines indicated in (a), (b) and (c) above as the case may be are to be scaled down in proportion to the paying capacity of the debtor which for the purposes of the Act would be sixty percent of the value of debtor's property as determined in the prescribed manner.

We have preferred to propose uniform rates of interest irrespective of the dates of origin of debts and to evolve a formula for determining the debtor's paying capacity on the lines of the Bombay formula.

Normally twenty times assessment may be considered to be the average value of agricultural land. We have, therefore, proposed ten times annual assessment as the paying capacity of debtor cultivator, but having regard to the fact that the holdings may include different proportions of *jirayat* and *bagayat* land and that the value of *bagayat* land would be considerably more than that of *jirayat* land, we have proposed that the paying capacity should be taken to be ten times the annual assessment or half the value of the holding whichever is greater.

While this formula is proposed for determining the paying capacity of all classes of agriculturists (including *garas-dars* and *barkhalidars*), there are additional factors for determining the paying capacity of *garas-dars* and *barkhalidars* which have to be taken into account. These additional factors arise from implementation of the Saurashtra Land Reforms and *Barkhali* Abolition Acts under which *garas-dars* and *barkhalidars* would receive compensation amount (in lump as well as every year for the prescribed number of years) and cash annuities respectively. Due consideration must be given to this income in determining the paying capacity of the debtors concerned, since most of the debts incurred have been contracted on land which has now

passed to the occupants free of encumbrances. The views expressed in this behalf in replies to our questionnaire and in oral evidence before us widely vary. Some are of opinion that six multiples of assessment which garasdars would receive from the tenants should be made available to them solely for their rehabilitation and that adjusted debts of garasdars and barkhalidars should be paid from a reasonable portion of the compensation amount or cash annuity they would receive every year. Some are of opinion that compensation amounts (including the amount of occupancy price) should be apportioned half and half for rehabilitation and debt redemption purposes. There was also the extreme opinion that the whole amount should be available for redemption of debts. After taking into careful consideration the pros and cons of the different views, we have come to the conclusion that the formula which we are suggesting is just, fair and equitable to all interests concerned. We fully realize that the question of rehabilitation of garasdars and barkhalidars is of paramount importance after liquidation of garasdari/barkhali system. The Government has laid special stress on the problem in our Terms of Reference. Even while the agrarian reforms legislation was being considered on the floor of the Assembly, the necessity of debt redemption and rehabilitation was deeply realized and understood to be a logical corollary of the legislation. Nevertheless, we are unable to subscribe ourselves to a formula of making the whole amount of occupancy price available to garasdars for their rehabilitation. The creditors have advanced loans to them largely, if not wholly, on actual security of their land and other immovable properties, on consideration of their social status, land revenue they were getting and also income from other sources of their estates. We must, therefore, give due consideration to the peculiar conditions in which loans were given by creditors to garasdars, the nature of transaction usually effected between the parties under those conditions, the revolutionary change that has taken place and the new conditions which will govern the economy

of the garasdars and regulate the transactions of money lenders. If the entire amount or a substantial portion of compensation payable to garasdars or cash annuities payable to barkhalidars is allowed to be appropriated by creditors, the garasdars or the barkhalidars, as the case may be, will be in a perilous position and unable to take to agriculture even of the small holdings they would have under the provisions of the Acts for a living. If on the other hand, the entire amount or a substantial portion of compensation/cash annuity is allowed to them for the purposes of rehabilitation, not only will there be the risk of its indiscriminate use for purposes other than those of rehabilitation but also it would be very unfair to the creditors.

The garasdari problem should, we feel, be viewed in its proper perspective and from all angles of considered thought of the future agricultural economy of the State. After all that has been said in the previous chapters regarding agricultural indebtedness among garasdars, their sources of loans and conditions attached to them, we need not dwell at any further length upon the nature of transactions which usually took place between the parties, but we would like to stress here an aspect or two of these transactions. A large percentage of those transactions, we have been told by witnesses, would be found to be those of loans secured on land mortgaged to the creditors with possession and being enjoyed by them for a number of years. On scrutiny of the transactions and settlement of accounts on the lines already indicated, the debts we are told, would be found to have been already extinguished or would be considerably reduced. In this connection it is also to be noted that under the Encumbered Estates Rules of the Political Agency which we have already explained in Chapter IV, the debts of talukdars and bhagdars in Agency administered areas were enquired into, reduced and liquidated within twenty years. We have also said that these Rules were applied by some States to their garasdars also. Junagadh applied them even to barkhalidars.

The Life Interest principle also operated to the extinction or substantial reduction of debts of estate-holders. Creditors were accustomed to such reductions and extinguishment of debts, for more than fifty years. Although barkhalidars stood on a somewhat different footing, some of them, *inamdars*, *jiwaidars*, even *dharmada* grantees of entire villages or large estates enjoyed a status which enabled them to borrow freely, and some of the above considerations bearing on rehabilitation and the claims of creditors apply to them as well.

All these considerations have weighed with us in proposing that in determining the paying capacity of garasdars and barkhalidars, certain defined portion of income as stated in the formula should be allocated towards rehabilitation and the balance made available for liquidation of adjusted debts. We would like to add that it was agreed by all the witnesses that ordinarily Rs. 30 per acre may be considered as reasonable requirement for their rehabilitation. Therefore, exclusion of a sum equivalent to Rs. 30 per acre of the land held as gharkhed and land allotted to garasdars and barkhalidars for personal cultivation in the computation of their paying capacity is suggested so as to enable them to equip themselves for and attend to personal cultivation.

By way of a statutory assurance to these classes we would also recommend that whatever amounts are allocated towards rehabilitation should be absolutely exempted from civil process *i. e.* attachment for debt.

According to the proposal set forth above, garasdars and barkhalidars will have their debts considerably reduced and adjusted in proportion to their paying capacity; they will have the necessary finance not only for setting up agriculture initially but also for purposes of rehabilitation for a period of fifteen years, at the end of which small garasdars will have also rehabilitation grants for three to six years which are exempt from attachment.

It need scarcely be mentioned that as regards agricultural holdings in particular, garasdars and barkhalidars will now, unlike the past, have the fullest benefit of the State's development and ameliorative measures. If they could only adjust themselves to the changed times and circumstances and make the most of the opportunity available to them to take to agriculture as a profession, we feel justified in hoping that imbued with hereditary attachment to the soil and endowed with natural aptitude for agriculture, they should be able to establish themselves as efficient agriculturists and to play a very useful role in the new economy of the country.

Re (x). The Committee was not generally in favour of declaring any agriculturist an insolvent and driving him out of the land. The general feeling was that the Conciliation Board should try its best in such cases to see if it is not possible to avoid this extreme measure.

170. Relieved of the burden of debts, and assured of adequate agricultural finance, agriculturists should be able to bend their energies towards increased agricultural production. The need to agriculturists of facilities to reap the best prices of their produce is of no less importance. As stated in para 145, Co-operative Marketing Societies would fulfil this need and for efficient *modus operandi* of these societies, we recommend that enactments similar to the Bombay Agricultural Produce Markets Act, 1939, and the Bombay Warehouses Act, 1947, may be introduced in the State. Regulated Markets may be established at important centres and maintained in accordance with the provisions of the former enactment; and licensed warehouses where agriculturists can stock their goods and obtain credit on warehouse receipts may be established and maintained in accordance with the provisions of the latter.

The proposed legislation will be helpful to the agriculturists in realizing the best prices of their produce and thereby toning up the vital parts of their economy.

171. It is strongly recommended by some witnesses that in order that the chances of relapse to indebtedness may be minimised, one of the essential things to do would be to regulate an agriculturist's credit in so far as it is based on his title to land. It is true that title to land enhances the value of land and enables the agriculturist to borrow freely. But this facility of borrowing usually proves to be his ruin. A few witnesses were very definitely of the opinion that occupancy rights should not be allowed to be mortgaged or alienated.

On the other hand if money lenders already chary in their dealings with agriculturists cannot look to anything but uncertain produce of agriculture as security for repayment, they would rather desist from advancing them any loans on terms which may not be prohibitive, with the result that in the absence of alternative credit agency, agriculturists may for some time find it difficult to obtain finance even for their agricultural requirements.

All aspects considered, we feel that alienation of agricultural land may not be absolutely banned but it may be strictly regulated. We would propose that alienation of agricultural land by mortgage, sale or otherwise should not be allowed if it leaves the agriculturist with less than an economic holding. Alienation by sale of entire holding however may be allowed. Any kind of alienation to the extent permissible should be in favour of only agriculturists. Agricultural land to the extent declared inalienable should, it logically follows, be exempt from attachment by Civil Courts

CHAPTER XIII.

MODE OF PAYMENT OF ADJUSTED DEBTS.

172. The next question, and a very difficult one was how to find the finance for adjusted debts and to arrange for payment of these adjusted debts so that while the debtors could pay up in easy instalments, creditors could have the benefit of an immediate settlement.

One of the suggestions was that debtors should pay the adjusted debts to creditors in annual instalments fixed by the Board. The Committee did not favour this suggestion partly because it would not help debtors to extricate themselves from the clutches of creditors and partly because it would cause dissatisfaction to a number of creditors of adjusted debtors, who would naturally desire to be paid off immediately, especially when the debts were scaled down and the rate of interest reduced.

The Committee therefore considered the following alternatives :—

- (1) Payment in cash by Government, these being reimbursed from out of the instalments payable by the cultivators.
- (2) Payment by Government in the shape of bonds issued by Government.
- (3) Payment in cash through the Land Mortgage Bank.
- (4) Payment by means of bonds issued by the Land Mortgage Bank and guaranteed by Government.

173. With regard to (1) namely payment of the adjusted debts in cash by Government, while this was the method followed by the Bhavnagar Darbar, it was open to two serious objections, the first one being its effect on resources of Government and the second, possibility of default in payment of the instalments on some plea or other and the difficulty of recovery of these instalments in these days by coercive process. In fact

as stated in Chapter IV about rupees seven lakhs out of about rupees twenty one lakhs of adjusted debts advanced by the Parliament remained due on integration and about rupees six lakhs are still due.

174. With regard to the second alternative, all the above objections would remain except that of the effect on the resources of Government.

175. With regard to the third alternative of the Land Mortgage Bank paying the amounts in cash against the security of the lands in question and recovering the same in suitable instalments from the creditors, the Committee felt that the resources of the Bank were too slender for making payments of this type which may easily amount to a couple of crores. Again the Land Mortgage Bank was just adjusting itself in financing payments due by cultivators on account of the Land Reforms scheme and it was felt that the strain on its resources would be too great and it could not therefore undertake this work. It had just floated a loan of over Rs. 1 crore for implementing the financing of the Land Reforms scheme and it would be hardly advisable for it to float debentures to the extent necessary to raise the necessary cash required for payments of these loans which would amount, as already stated, to a couple of crores.

176. The fourth alternative *i. e.* payment to the creditors by means of bonds guaranteed by the State which would be negotiable by endorsement and which would also be approved and trustee securities, interest on these bonds being paid half yearly at Government treasuries with suitable arrangement for self liquidation either by means of a sinking fund or an annual payment drawn by lot was considered the most suitable of all these alternatives. The sinking fund payment or the annual prescribed percentage of bonds to be discharged could easily be financed from out of the instalments due by the cultivators.

Almost every witness whom we examined and to whom this was explained agreed that the last method was the best and

creditors would not seriously object to payment in the shape of these bonds, because they would be negotiable, and if they so desired the bonds could be cashed in the open market.

177. It was also generally agreed that the entire transaction of debt adjustments should be put through the Land Mortgage Bank *i. e.* the adjusted debts would be carried in the books of the Land Mortgage Bank; it would recover the dues and also manage the sinking fund or if the alternative of an annual discharge of a prescribed percentage of the bonds was favoured, it would arrange for such an annual discharge drawn by lot.

178. We have suggested in para 168 (viii) a formula for determining the paying capacity of the debtor for the purpose of debt relief legislation. There will however be cases in which the Land Mortgage Bank may not be able to issue bonds for repayment of adjusted debts if the amount thereof exceeds 50% of the value of the debtor's immoveable property. In such cases the Government will have to arrange with the Land Mortgage Bank to increase the limit of its advance to the extent of the debtor's paying capacity or devise other means for repayment of adjusted debts.

179. The issue of such bonds to creditors in full payment of the debts due to them will end all connection between debtors and their creditors and the former will have the satisfaction of having been freed from the grip of the latter. The bonds being negotiable securities, the holders will also be able to secure accommodation as and when necessary from banks and other financing institutions. This will solve the question of temporary finance which the bond holders may require. Again, the Land Mortgage Bank which will be responsible for issue of these bonds can, if necessary, with the assistance of Government, make arrangements within certain limits, for buying and selling them and maintaining their price by open market operations.

We feel, therefore, that an arrangement of this type for discharging the debts would be generally satisfactory to all parties.

180. While the debts are discharged as far as the debtors are concerned, the creditors will have something as good as cash against the discharge of the loans. We consider also that with open market operations by the Land Mortgage Bank as noted above there would be no probability of the bonds being depreciated to any appreciable extent.

181. These bonds will be secured against the land and other immoveable property belonging to the debtors. The necessary documents will be got executed before corresponding bonds in respect of the adjusted debts are issued. The value of the property would be at least double the amount of bonds secured thereon. And therefore there would be no risk to Government in guaranteeing the bonds. In this connection we would also emphasise the necessity of associating the Land Mortgage Bank with the valuation of the immoveable property of the debtors while conciliation is effected, as the Land Mortgage Bank will be responsible to Government for the securities against which corresponding bonds are issued.

182. There is another reason why we favour the idea of adjusted debts being paid off in the above manner. The Government of Saurashtra has already undertaken to pay, from its revenue, compensation to garasdars over a series of years. This compensation carries upto a certain extent the charge on account of debts contracted by garasdars and would be available for payment of instalments of the debts to the Land Mortgage Bank. There is therefore not much risk from the point of view of the Government and the Land Mortgage Bank in adjusted debts being paid off in bonds guaranteed by Government both in respect of principal and interest. These annual payments by Government could be adjusted to the extent necessary against the instalments due to the Land Mortgage Bank and therefore, there would be no difficulty in securing prompt repayments.

183. The bonds may be repayable in twelve years and

may in the first instance carry interest as may be fixed by Government.

184. While we would not like to discuss in detail the procedure to be adopted in issuing the bonds, it may be mentioned that arrangements should be made under which whenever the Land Mortgage Bank issues the bonds against adjusted debts, a report is simultaneously made to the Finance Department of the details of the loan, securities taken, documents executed and the bonds issued so that formal orders regarding Government guarantee may be issued. All accounts relating to these bonds will be maintained by the Land Mortgage Bank subject to such inspection as may be prescribed by the Government.

CHAPTER XIV.

MONEY LENDING REGULATION.

185. We have indicated in Chapter XI the broad essentials of sound agricultural finance. The money lenders as an agricultural financing agency would, we have observed, answer very well some of the essential requirements, but their rates of interest are usually very high—even exorbitant, and as they derive their livelihood from interest on loans and profits in their dealings with agriculturists, they are psychologically incapable of functioning in the interest of agriculturists. The sample survey also shows that although the rates of interest do not follow any general principle, they range from 12 to 18 $\frac{3}{4}$ % to 37 $\frac{1}{2}$ to 50 % and in some cases even cent per cent. It is significant that these high rates are being charged in spite of the fact that Khedut Protection Acts were known to have remained unrepealed for the areas to which they applied till they were declared void from the 26th January, 1950. Moreover, although from the replies to our questionnaire it is elicited that the number and strength of money lenders have declined, the sample survey reveals that loans to agriculturists from money lenders including agriculturist money lenders bear no insignificant proportion even now to other sources of loans. Had it not been for two years of scarcity during which Government felt itself called upon to make and did make liberal advances of distress finance by way of takavi, presumably the agriculturists would actually have been found indebted in a larger proportion to money lenders.

Thus money lenders continue to provide the bulk of agricultural finance and for some time at any rate they are likely to continue to do so. No one in reply to our questionnaire has said that money lender is not a necessary element in village economy. He plays his role by providing spot finance to agriculturists and as spot finance has both the greatest importance and attraction for agriculturists everywhere, he is resorted to for credit facilities as and when the same are required, how-

soever onerous his terms may be. Whatever may and could be said against him, he has hitherto been the principal source of rural finance. It is sometimes said that money lender is a necessary evil. But if the evil is indispensable and cannot be eliminated, it should be so controlled as to function in harmonious affinity with other elements in the rural credit structure of the State. Money lenders should not be scared away by any drastic legislation, nor should they be so antagonized as to lead to their disappearance from the rural credit structure. We would suggest, therefore, that in implementing legislation intended to restrict and control the activities of money lenders, Government should take note of the pace at which alternative machinery of a satisfactory type can be made available to agriculturists, and that nothing would be gained by depriving the majority of agriculturists of even the existing facilities for credit long before alternative machinery could be arranged.

186 Money lenders cannot, however, be allowed to pursue their unscrupulous methods of business with impunity. They should appreciate the canons of honest and straightforward business of money lending. The Debt Relief legislation which we have recommended in the previous Chapter will by itself go a long way towards curing the wrongs inflicted by money lenders upon agriculturist borrowers. But substantive legislation to regulate money-lending is also necessary.

187. There was no substantive money-lending legislation in any of the former States of Kathiawar. But the Khedut Protection or Agriculturist Relief Acts in force in some of the States embodied essential safeguards against usurious dealings and malpractices on the part of money lenders in relation to agriculturists.

The Bhavanagar Khedut Protection Act, (Section 9) provided that agriculturist borrowers could institute suits against creditors for account.

The Agriculturist Relief Act, Junnagadh (Sections 5, 14, 19) provided that :

- (i) any agriculturist could sue for an account of mortgage created by him or of money lent or advanced to him by a creditor or due by him to the creditor as price of goods sold or on a written or unwritten agreement for the payment of money paid by him to the creditor and for a decree declaring the amount, if any, still payable by him to the creditor.
- (ii) the court could direct that the amount of any decree passed or ascertained under the Act should be paid by instalments with or without interest.
- (iii) if the court were satisfied that the creditor intentionally abstained from producing books of accounts of previous transactions, it could dismiss his suit to that extent.

The Morvi Khedut Protection Act (Sections 5, 12, 15, 16) provided that either borrowers or creditors could bring suits for accounts; that agriculturist judgment debtors should not be liable to personal arrest; that lenders should always post entries of accounts in the books of agriculturist borrowers as counterparts of the entries in their own books and get repayments certified by Vahivatdars.

The Nawanagar Khedut Protection Act (Section 11) prescribed the following procedure for keeping accounts, only petty transactions being excepted :—

- (a) three copies of accounts should be drawn, one to be kept by the creditor advancing loan to an agriculturist, second to be kept by the agriculturist borrower and the third to be kept with the village patel ;
- (b) all transactions should be posted in the account and should be attested by both parties ;

- (c) in the event of the borrower not presenting to the creditor his copy at the time of any repayment, the creditor should give a separate receipt and thereafter the entries should be posted in all copies as early as possible.

The Porbandar Khedut Protection Act contained a similar provision.

188. Money-lending regulations are now in operation almost all over the country. The origin of the legislation may be traced to the Deccan Agriculturists Relief Act, 1879, which enabled the court *inter alia* to make out accounts of money actually lent. Amendment to the Indian Contract Act in 1899 went a step further by making provision for relief to debtors in cases of unconscionable bargains. Later, the Usurious Loans Act, 1918 enabled the courts to enquire as to whether the interest charged was excessive and the transaction made between the parties was substantially unfair in which case it could relieve the debtor from excessive liabilities.

189. The Government of Saurashtra has already adopted the Usurious Loans Act, 1918 under Ordinance XXV of 1948. This, however, does not adequately meet the requirements of the situation. The Act is found by experience to have remained practically ineffective, because what constitutes an excessive rate of interest, and/or substantially unfair transaction remains a moot question for the courts to decide.

So far as the agriculturists and the interests of the future agricultural economy are concerned, the Usurious Loans Act and the provisions proposed in the previous chapter to be made in Debt Relief legislation regarding reopening of transactions, regulating the rates of interest, application of the principle of *damdapat* etc. will not by themselves adequately serve the purpose. We are of opinion that it is necessary to introduce substantive money lending legislation more or less on the lines of the 'Bombay Money-Lenders Act, 1946.

190. The following essential provisions may be made in the legislation especially in so far as the interests of agriculturist borrowers are involved :-

(1) Those who intend to do the business of lending money should get themselves registered as money lenders.

(2) They should maintain accounts in the prescribed manner.

(3) They should give receipts to debtors for every payment.

(4) They should furnish to the debtors statements of accounts every year. These would be binding on the creditors but not on the debtors.

(5) They should notify assignments if any.

(6) Usufructuary mortgages, if otherwise allowable should be deemed to be automatically redeemed at the expiration of twenty years.

(7) In any suits filed either by the borrower or the creditor, the court shall frame and decide the preliminary issue whether accounts were maintained in the prescribed manner.

(8) Borrowers may deposit in the court any sum they think was due to the creditors

(9) The registration of a money-lender may be refused or cancelled by the registering authority for reasons to be recorded in writing.

(10) Offences may be penalised by infliction of fines which may be enhanced on repetition. Intimidation and molestation of a debtor by a creditor should be made punishable with imprisonment.

191. The measures contemplated in debt relief legislation and legislative control over the operations of money lending agencies will, no doubt, have their repercussions on agricultural credit. In this connection, we would again utter a note of warning. Owing to various causes, the village money lenders are already seeking fresh venues of business in urban areas and contracting their business with agriculturists. This tendency will be accentuated by regulation of money lending. Unless, therefore, alternative institutional credit agencies are adequately available, the agriculturists for whose benefit the measures are meant may experience greater hardships and the remedy may prove worse than the disease.

192. Very few agriculturists have enough capital to meet their own requirements. For operations ranging from three to six and even nine months in a year, agriculturists do stand in need of finance. Therefore, in order that provision of necessary agricultural finance may be ensured to the agriculturists of the State, it is necessary to make a rough estimate of requirements of seasonal finance for agriculturists of the State.

193. We examined a number of witnesses in this connection and the consensus of opinion was that about Rs. 20 per acre would be the seasonal finance requirements of the agriculturist families in Saurashtra. This is also borne out by the reports of the Investigators who conducted the sample survey.

194. The maximum annual requirement of seasonal finance for about ninety lakhs acres of land on this basis would be Rs. 18 crores. But every agriculturist may not require this, nor would every one of them require the full amount. The aggregate amount of seasonal finance requirements may therefore be roughly estimated at rupees six to eight crores.

The question, therefore, is provision of this amount at as low a rate of interest as possible.

195. Although the Governmet is at present providing some part of seasonal finance, though a very small one, by giving tagavi for seeds, manure, kos varat etc. the bulk of seasonal finance will have to be provided partly by co-operative institutions and partly by money lenders.

The expansion of co-operative societies in rural areas, the development of the central financing institutions like the Apex Bank, assistance from the Reserve Bank in meeting the requirements of these co-operative Institutions and money lenders properly controlled,-all pooled together would meet the situation.

CHAPTER XV

COGNATE MATTERS.

196. Agricultural debt relief looks very much like a perennial problem. Debt relief legislation operates only as a temporary and a negative solution. It is a measure of expediency. It lightens an agriculturist's burden but at the same time it weakens his credit. Money lending regulation which usually goes hand in hand weakens it all the more. They can hardly serve as lasting remedies against economic *malaise* from which agriculturists may be suffering for various reasons. The problem is therefore one of making the agriculturist self-sufficient. This problem is beset with manifold difficulties and it has been exercising for a long time the minds of all those who are interested in the questions of rural reconstruction.

197. Imposition of restrictions on fragmentations, subletting, alienation of agricultural land etc. would go far towards stabilizing rural economy, but they also may not go far enough. It is necessary to dive deeper into the problem. We would, therefore, like to conclude our report by referring to some cognate matters which though common-place appear to deserve serious consideration.

198. Agricultural income is very uncertain even in normal years. This uncertainty affects agriculturists all the more under natural calamities. Whatever measures may be adopted by an agriculturist either on his own initiative or under proper advice and encouragement to step up production and to realise the best price of his produce so as to maintain a surplus budget, he finds himself helpless when nature gets recalcitrant and does not help him.

199. Government usually adopts measures in times of scarcity which provides immediate relief to affected areas. They are also undertaking measures to prevent scarcity. We do not propose to dwell at length upon the various

aspects of famine relief policy and preventive measures either of the previous regimes or of the present day. They are to be found in the Annual Administration Reports of the former States and handy publications of the Government of Saurashtra. We would mention here only a few items which are uppermost in our mind and on which we have had the benefit of receiving written replies and oral evidence of witnesses.

200. The people of Saurashtra are not unaccustomed to haystacks or grain storage. The system of preserving grass in haystacks continues to be in vogue almost everywhere in the State. The system however of storing grains in cellars which was in vogue in former times appears to have fallen into disuse. In fact this was rendered impossible under the conditions of food control necessitated by the shortage of food supplies.

201. The colossal expenses involved in importing grass from outside during scarcity and the difficulties of transport involved are too well known to need any mention. Well-irrigation is the principal means of growing wet crops and on failure of the monsoon agriculturists have to take at once to growing green fodder for the maintenance of their cattle and food crops for their sustenance, but unfortunately, in the absence of rain wells also fail. The cultivators are therefore driven to procure fodder at any cost.

202. We have already referred in Chapter V, to the policy the Government has laid down as regards Government *vidis*. If gram panchayat and/or cooperative societies make it a point to establish haystacks for suitable areas and to see to their preservation, rotation etc., the villages will not experience acute shortage of grass on failure of monsoon as they do in the absence of any such co-operative effort. It should be possible to work out village co-operative schemes in this behalf and the Government may also contribute to a small extent from the Famine Reserve Fund.

203. Regarding foodgrains also a scheme should be devised whereby every village may have some storage of grains to get over scarcity conditions. We invited remarks from all the witnesses who appeared before us on the desirability and practicability of grass as well as grain storage scheme and they were all very enthusiastic about it. They stated that where there were good panchayats, such schemes would be successful. The grain storage scheme is as under :—

Every agriculturist should be required to lay by and contribute to the pool a prescribed minimum quota of foodgrains every year at the time of harvest. The quota should be such as he can conveniently contribute. Government should contribute, from the Famine Reserve Fund, an equivalent aggregate quota of the foodgrain to the pool. The entire quantity thus collected should be arranged to be preserved by the village panch or the local committee, upto such time as it may be necessary to do so. In the event of distress it may be used for the benefit of the village people including the contributors. The gram-panchayats or co-operative societies, where there are no gram-panchayats, should be in charge of the grains. They should be responsible to see that the grain does not deteriorate and that it is periodically turned over. They should attend to collection, storage and replacement of grain and its distribution in the event of distress.

We would recommend that grass and grain storage schemes may be evolved on the lines indicated above and tried in the first instance in a few villages which may have efficient gram panchayats. We are of the opinion that the schemes if properly worked out and entrusted to reliable and service minded personnel should work successfully. The Committee understands that the recent experience of the State underlines the need of such schemes.

204. We have observed in Chapter X that one of the causes of agricultural indebtedness is the loss of bullocks and

in the absence of any scheme of insurance of bullocks the cultivators have to incur debts to replace the lost animals. As no scheme of cattle insurance appears to have been tried in India except in Coorg, its feasibility may be viewed with misgivings, but as loss of bullocks generally operates as a calamity of first magnitude to the cultivators, if any scheme of insurance secures to them a part of the value of the animals lost, it would mean substantial relief to them. In this connection we would like to invite reference to a recent publication "Co-operation and Indian Agriculture" by A. K. Yegnanaryan Aiyar. The author says "It is surprising that in India despite the special need, no serious consideration has been bestowed upon the subject to work out a suitable scheme for co-operative cattle insurance. This is all the more inexplicable, because in the early years of the movement, a very successful beginning was made and very noteworthy progress achieved in Burma and the little province of Coorg".

One of the witnesses before us said, "It is necessary to do something in the direction of cattle insurance. Replacement of bullocks is now-a-days the costliest item. It may also be remembered that Kathiawar used to import bullocks from Tharparkar (Siud) which is not possible now".

205 Crop insurance has also been suggested as one of the measures that might be adopted to avert distress resulting from failure of crops due to natural calamities. But in practical working it is bound to present very great difficulties. This is, therefore, a matter requiring detailed investigation by experts.

206. Cultivators have generally very little of surplus money to lay by. Well-to-do cultivators who could have some surplus used to make investments in gold and ornaments. But now a days they also invest in agricultural improvements realising as they do that such investments yield handsome returns. Some of them give financial accommodation to other

agriculturists. Generally speaking, the cultivators do not invest in post office savings banks, national savings certificates etc. or even in co-operative banks. In order that savings in rural areas may be mobilised for productive purposes, it is desirable to establish and maintain co-operative banks in rural areas which would attract the savings and also cater to the agricultural requirements of the village people. This is all the more necessary in the State of Saurashtra and at the present juncture, regard being had to the fact that far-reaching steps have already been taken by the State towards rehabilitation of rural economy, and it is up to all to forge ahead on the lines of constructive co-operation. If co-operative institutions in rural areas are efficiently managed, it should be possible to mobilise the savings of agriculturists for rural development and indirectly for their own economic betterment. The State Bank of Saurashtra may also well consider the expansion of their Savings Bank operations in rural areas without necessarily opening Branches in those areas.

207. Various suggestions have been offered in reply to our questionnaire inviting suggestions for effecting improvement in the social and economic well-being and for raising the standard of living of the agriculturists in Saurashtra. We cannot go into them in detail for obvious reasons. There can be no two opinions, however, that illiteracy among agriculturists should be removed. It is a first step to enable them to understand their own interests. The urge for raising their standard of living as agriculturists should spring up from within. Ultimately it depends upon the agriculturists themselves to make the best use of the land which constitutes their asset of great social and economic value. "Land is the best Savings Bank for the working man. Sometime it is the second best, but the very best is the energy of himself and his children."

CHAPTER XVI

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS.

(*The numerical figures in brackets indicate paragraphs.*)

1. The term "agricultural debt" has been interpreted to mean all debts incurred by agriculturists for agricultural as well as other purposes (111-113).

2. The total sum of dues to Government and to co-operative institutions amounts in the aggregate to about Rs. 5.51 crores (123).

3. The survey of representative villages in the five districts of the State gives a fair picture of the conditions of rural economy and indebtedness among all classes of agriculturists (125).

4. The number of non-agriculturists families in the villages of Saurashtra is fairly large. The economic condition of villages cannot materially improve unless the large non-agriculturist population in villages is adequately and remuneratively employed (127).

5. Bagayat lands constitute in Saurashtra a very small portion of the total lands under cultivation ; the number of families having less than an economic holding is fairly large; due to lack of irrigation, intensive agriculture is not possible and cultivators having less than one economic holding each cannot have adequate employment in agriculture (ibid).

6. There is hardly any problem of old accumulated debt in khalsa villages ; almost all the debts are recent and date from the year 1948 onwards. The situation in Girasdari villages, however, is different. Small Garasdars are heavily indebted. The tenants of Garasdars are not so heavily indebted (128).

7. A considerable portion of debt, particularly in khalsa villages is incurred for agricultural requirements and for meeting

distress arising from scarcity conditions; a portion of the debt is due to domestic and social requirements. Garasdars have contracted heavy debts for social functions (129).

8. The amount lent by money lenders including agriculturist money lenders, relatives and friends is larger than the amount lent by the Government. In khalsa villages, the amount lent by money lenders is roughly three times the amount lent by Government, while in non-khalsa villages, the proportion of money lent by money lenders to that lent by Government is much higher (ibid).

9. The security available to money lenders consisted of land, dwelling houses, ornaments, plantations etc. The rates of interest charged by money lenders varying from 12 % to 37½ % and even more do not appear to follow any general principle (130).

10. The majority of occupants showed surplus family budgets and they have a better standard of living. The economic condition of small Garasdars is however very unsatisfactory (131).

11. The volume of debt due by all classes of agriculturists may be estimated at Rs. 12 to 14 crores (135).

12. The main cause of agricultural indebtedness is the frequent failure of monsoon. Soil productivity in the State is palpably low. Not a few occupants have what may be called grossly uneconomic holdings ranging between five and ten acres (140).

The other causes of indebtedness among cultivators are :—

- (i) indiscriminate and even extravagant expenditure on social occasions,
- (ii) cattle mortality ; in the absence of any scheme for insurance of bullocks, the cultivators have to incur debts to replace the lost animals,

- (iii) non-availability of agricultural finance which compels the cultivators to get it at any cost,
- (iv) litigation (to some extent),
- (v) tendency among the cultivators to easier ways of life and speculation (this cannot, however, be regarded as a general cause).

Debts incurred, if any, for long range agricultural improvements are productive and harmless.

13. Indebtedness among Garasdars is attributable among others to the same causes. In some cases, they mortgaged their lands to their tenants. Indebtedness among them is also ascribed to their having had to borrow during the last five years on the security of properties other than land on onerous terms (141).

14. Opinion as regards repaying capacity of agriculturists as a class having increased after the War is somewhat divided. The balance of agricultural economy appears to be in favour of the agriculturist sector as a whole. The small cultivators, however, have not benefitted (142).

15. Some of the agriculturists who derived handsome benefits of high prices of agricultural commodities have become agriculturist creditors (143).

16. While the results of investigation as regards repaying capacity of occupants and even tenants are fairly encouraging, they tell a different story as regards small Garasdars and Barkhalidars (144).

17. The repaying capacity of agriculturists would improve if facilities are provided for them to realize the best price of their agricultural produce. Such facilities can be extended by Co-operative Marketing and Multipurpose societies (145).

18. Agricultural finance should satisfy the following conditions :—

- (i) it should be available as and when necessary in

small sums for various agricultural operations,

- (ii) it should be adequate for meeting the cost of each operation,
- (iii) it should carry a moderate rate of interest,
- (iv) it should be repayable after the harvested produce is marketed,
- (v) it should be provided by an agency which would function in the interest of the agriculturists as much as in its own interest. (147).

19. The Government cannot answer the above essential requirements except (iii), (iv) and (v). It can only advance tagavi, specially in times of distress and could provide long term finance (148).

20. The money lenders would answer (i) and (ii) and even (iv) but not (iii) and (v), (149).

21. The best agency to provide agricultural finance would be well-organised Co-operative Credit Societies (150).

22. The need and urgency of providing alternative institutional credit machinery can scarcely be over-emphasized. If the interest liability could be reduced by the provision of institutional finance at the rate of $6\frac{1}{2}\%$ interest, there would be an immediate relief to the agriculturists to the extent of Rs. '94 crore (151).

23. The need for such alternative agencies is all the greater since measures of debt relief are bound to freeze the existing sources of credit (152).

24. Observations for regulating tagavi advances and developing co-operative institutions so as to improve the machinery of agricultural finance (153).

25. In those villages where there are co-operative societies, tagavi advances should be made through the societies; in

those villages where there are no co-operative societies tagavi advances may be made through the agency of Village Panchayats (154).

26. It is desirable to concentrate on the one hand on spreading a network of co-operative credit societies within easy accessibility of agriculturists in small radii and on the other hand, to regulate the working of different financing agencies as would minimise their defects (155).

Once co-operative institutions take up the work, the Reserve Bank would be able to assist them in providing finance (ibid).

27. The defects in the working of co-operative societies can be largely removed, and efficiency in administration secured if the local people are sincere and zealous and the institutions are properly guided and controlled by the Department (158).

28. The Saurashtra Co-operative Bank and the Saurashtra Central Co-operative Land Mortgage Bank, their functions, development and place in Saurashtra's rural economy and agricultural finance (159-60). The progress of the Saurashtra Central Co-operative Land Mortgage Bank and of the Saurashtra Co-operative Bank which is the fountain head of short and intermediate term finance should be constantly watched and necessary assistance for their development should be readily afforded by the Government (161).

29. There should be no discrimination in the matter of debt relief between Garasdars and Barkhalidars who have now become agriculturists and cultivators. Debt relief legislation should be introduced for the benefit of all agriculturists in the State (164-165).

30 The main features of such legislation are indicated (168):—

- (i) Debtor (agriculturist) should mean a person who cultivates land personally and whose principal source of livelihood is agriculture.
- (ii) The debtors whose total debts exceed Rs. 25,000 should be excluded from the benefit of the legislation.
- (iii) Government dues and some other dues should be excluded from conciliation.
- (iv) Adjustment of debts should be made through the machinery of duly constituted Conciliation Boards.
- (v) Conciliation and scaling down should be provided for on a compulsory basis.
- (vi) The time limit for submission of applications for adjustment of debts may be fixed at 6 months from the date of notifications inviting claims.
- (vii) The mode of taking accounts and determining the amount of principal and interest due on the date of claim should conform to the prescribed procedure.
- (viii) The debts thus determined should be scaled down in proportion to the paying capacity of the debtor which for the purposes of the legislation should be as under :—

I. In the case of cultivator debtors :—

- (a) ten times the annual assessment on the debtor's holding or half the value of his holding, whichever is greater, plus in either case :—
- (b) sixty per cent of the value of the debtor's other properties which are not exempt from attachment by Civil Courts.

II. *In the case of Garasdar debtors.*

- (a) ten times the full annual assessment on the debtor's holding (i. e. land which was his gharkhed land, if any, and land allotted to him for personal cultivation); plus the equated value of fifteen years compensation amount or half the value of his holding as detailed above and the equated value of compensation amounts, whichever is greater, plus in either case—
- (b) sixty per cent of the value of the debtor's other properties (including the amount of occupancy price, if any) which are not exempt from attachment by Civil Courts.

III. *In the case of Barkhalidar debtors:—*

- (a) same as above, cash annuity being substituted for compensation amount; plus
- (b) sixty per cent of the value of the debtor's other properties which are not exempt from attachment by Civil Courts.

Provided however that in the computation of the paying capacity of Garasdars and Barkhalidars, the following shall always be excluded, namely, a sum equivalent to Rs. 30/- per acre of the land held as Gharkhed and land allotted to them for personal cultivation under the Land Reforms Act and Barkhali Abolition Act.

(ix) Interest at a rate fixed by the Government and notified in the State Gazette from time to time may be allowed to the creditor from the date of the award to the date of satisfaction of adjusted debts. The adjusted debts may be made ordinarily payable in not more than twelve instalments. Payment of different kinds of debts should be made in the prescribed order of priority.

(x) If the debtor has no adequate paying capacity to pay adjusted debts in the maximum number of instalments,

he may be declared insolvent. But if possible, he may be saved from insolvency.

31. Observations on some of the above items (160):—

(a) the Conciliation Board may be composed of three members, the Chairman being preferably a person of the calibre and status of a Civil Judge and two members being men of sound revenue and accounts experience. The Board may have also assessors from local areas.

(b) the Garasdari problem should be viewed in its proper perspective and from all angles. In determining the paying capacity of Garasdars and Barkhalidars, certain defined portion of amount as stated in the formula suggested should be allocated towards rehabilitation and the balance made available for liquidation of adjusted debts. It was agreed by all the witnesses that ordinarily Rs. 30 per acre may be considered as reasonable requirement for their rehabilitation. Whatever amounts are allocated towards rehabilitation should be exempted from civil process.

32. Enactments similar to the Bombay Agricultural Produce Markets Act and the Bombay Warehouses Act may be introduced to enable agriculturists to realise the best price of their produce. (170).

33. In order that the agriculturists may not relapse into indebtedness, it is proposed that alienation of agricultural land by mortgage, sale or otherwise should not be allowed if it leaves the agriculturist with less than an economic holding (171).

34. Alternatives as regards mode of payment of adjusted debts considered (172):—

(i) Payment in cash by Government, these being reimbursed from out of the instalments payable by the cultivators.

- (ii) Payment by Government in the shape of bonds issued by Government.
- (iii) Payment in cash through the Land Mortgage Bank.
- (iv) Payment by means of bonds issued by the Land Mortgage Bank and guaranteed by Government.

35. The fourth alternative *viz.* that of payment by means of Government guaranteed bonds which would be negotiable by endorsement and which would also be approved and trustee securities, interest on these bonds being paid half yearly at Government Treasuries and with suitable arrangements for self liquidation either by means of sinking fund or an annual payment drawn by lot is considered the most suitable (176).

The entire transactions of debt adjustments should be put through the Land Mortgage Bank (177).

36. In those cases in which the Land Mortgage Bank may not be able to issue bonds for payment of adjusted debts if the amount thereof exceeds fifty percent of the value of the debtor's immovable property, the Government will have to arrange with the Land Mortgage Bank to increase the limit of its advance to the extent of the debtor's paying capacity or devise other means (178).

37. The necessity of associating the Land Mortgage Bank with the valuation of immovable property emphasised. (181).

38. Money lenders play their role by providing spot finance; they should not be scared away by any drastic legislation. But they cannot be allowed to follow their unscrupulous methods of business with impunity (185-186).

39. The Government of Saurashtra has adopted the Usurious Loans Act, 1918, but it does not adequately meet the requirements of the situation. It is necessary to introduce substantive

legislation on the lines of the the Bombay Money-Lenders Act (189).

40. Essential provisions which should be made in the proposed money lending legislation described (190).

41. The measures contemplated in debt relief and money lending legislation will have repercussions on agricultural credit. Unless therefore alternative institutional credit agencies are adequately available, the agriculturists may experience greater hardships (191).

42. Roughly speaking, Rs. 20 per acre may be taken as the average seasonal finance requirements of the agriculturists in Saurashtra (193).

43. The annual agricultural finance requirements may be estimated on that basis at Rs. 18 crores. But every agriculturist may not require this; nor would every one of them require the full amount. The aggregate seasonal finance requirements estimated at Rs. 6 to 8 crores (194).

44. The expansion of Co-operative societies in rural areas, the development of the central financing institution like the Apex Bank, assistance from the Reserve Bank in meeting the requirements of these Co-operative Institutions and money lenders properly controlled,—all pooled together would meet the situation (195).

45. Some cognate matters deserve serious consideration (196)

46. As non-availability of fodder and food grains during scarcity periods is one of the causes of indebtedness, stocking of hay and storage of food grains in villages, the cultivators contributing a share and the Government contributing an equal share (from Famine Reserve Fund) suggested (202-203).

47. It is necessary to do something in the direction of cattle insurance and crop insurance. This is, however, a matter for investigation by experts (204-205).

48 If co-operative institutions in rural areas are efficiently managed, it should be possible to mobilize the savings of agriculturists for rural development (206).

49. Observations on raising the standard of life among agriculturists (207).

50. In conclusion, we express our thanks to various Departments of Government for their co-operation with the work of the Committee, and to all those who made useful and constructive suggestions by replying to our questionnaire and by giving oral evidence. We are grateful to the Reserve Bank of India for having kindly supplied to us exhaustive summaries of debt relief legislation in other parts of India and the results of surveys conducted under its auspices. We have drawn profusely from the Statistics supplied to us by the Superintendent of Census operations for Bombay, Saurashtra and Kutch. Our thanks are also due to the Investigators kindly deputed by the University School of Economics, Bombay. Finally we have great pleasure in placing on record our sense of appreciation of the willing and strenuous work put in by our Secretary Shri V. C. Joshipara. With his experience as Joint Secretary of the Agrarian Reforms Commission, he proved immensely useful to the Committee and the devotion to duty he displayed in sifting and tabulating the mass of evidence, statistics etc. and in presenting in a suitable form problems for consideration of the Committee has evoked admiration of all the Members of the Committee.

Rajkot, 4th April, 1953.

B. S. RAGHAVENDRA RAO, *Chairman*

Members

T. L. SHAH

K. L. HATHI

R. N. TRIVEDI

H. H. TRIVEDI

N. M. SURATI

L. N. THACKAR,

JORAVARSINHJI C. RANA

APPENDIX I.

AGRICULTURAL DEBT RELIEF INQUIRY COMMITTEE, SAURASHTRA.

QUESTIONNAIRE.

Garasdari/Barkhali Problem.

1. What is your conception of the garasdari problem at present in so far as the nature and extent of garasdars' indebtedness are concerned? What relief would you suggest with due regard to the legitimate interests of creditors and rehabilitation of garasdars?
2. What is your conception likewise of the problem of those who were barkhalidars?
3. Do you think the problem of indebtedness among cultivators of khalsa land to-day is less acute than that among garasdars ex-barkhalidars and their tenants?
4. (a) What are your views about the different systems of land tenure and revenue administration which were prevalent in (i) khalsa and (ii) non-khalsa areas prior to merger of States and their effect on the social and economic conditions of different types of land holding and cultivating classes?
- (b) How does agrarian economy in non-khalsa area compares with that in khalsa area?
5. Do you think garasdars and ex-barkhalidars will have some initial advantage over cultivators of khalsa land, and their tenants will have some disadvantage as compared with cultivators of khalsa land? If so, what are your recommendations with regard to relief?

*Indebtedness and its causes;**Money-lending agencies and their methods of business;**Repaying capacity of agricultural debtors.*

6. What in your opinion are the principal causes of agricultural indebtedness?

- (a) Do you consider that social functions such as marriages, deaths, etc., in the family are responsible for growth of agricultural indebtedness? If so, to what extent?
- (b) Do you consider that indebtedness is due to investment in purchase of land, or for effecting long range agricultural improvements such as sinking of wells, installation of power pumps, etc.?
- (c) Is cattle mortality a cause of agricultural indebtedness? If so, to what extent?
- (d) Is payment of land revenue and rent a cause of indebtedness? If so, to what extent?
- (e) How far are natural calamities such as famines, floods etc. responsible for the growth of agricultural indebtedness?
- (f) How far is litigation the cause of agricultural indebtedness?
7. What is roughly the extent of finance provided to agriculturists by (i) professional money-lenders, (ii) trader money-lenders, (iii) agricultural money lenders, (iv) friends and relatives, (v) Co-operative Societies and Banks, and (vi) Government?
- From what class of lenders do agriculturists generally borrow for their requirements? What class of money lenders are usually preferred by agriculturists and why?
8. What is your view about the number or strength, and resources of money-lenders at present? Do you consider that their number is excessive?
9. What is your view about the economic condition of money-lenders?
10. What risks, if any, were and are involved in the business of village money-lenders?

11. Is village money-lender a necessary element in village economy? Is it desirable to control and regulate his operations?
12. What are the various money lending institutions which were and are subsidised by the State in the matter of financing agriculturists?
13. Have you any idea of land having passed in a large measure from landholders and tillers to non-agriculturists? Do you consider that this tendency should be arrested?
14. Describe in detail the common practices followed by individual money lenders as regards rates of interest, imposition of premium, renewal devices, forward sales of crops, deceptive methods of accounting etc. What rates of interest are generally charged by different classes of money-lenders? What are the methods of calculating interest by different classes of money-lenders?
15. What kind of security is usually given and accepted in agricultural finance?
16. Is it correct to say that debt follows property or credit and that the better the title to land, the greater is the amount of indebtedness?
17. Are there any defects in the present system of agricultural finance? If so, what are they and to what causes do you attribute them?
18. Can you give a rough estimate of the amount of finance required annually by an agriculturist per santi (40 acres) of land held by him?
19. What is the maximum and minimum value of agricultural land per acre in your District?
20. What in your opinion is the average gross annual income of a santi of land, recurring expenditure and net income?

21. How do you compare the present purchasing capacity of an average agriculturist with his capacity before the war?
22. What facilities are generally available to agriculturists for raising money for the purpose of marketing their produce? Have you any suggestions to offer?
23. Is it true that the cultivator has been and is in the habit of hoarding his surplus money? What is the extent of his saving or investment in (i) gold and silver ornaments, (ii) Post Office Saving Banks, (iii) Co-operative Societies and Banks, (iv) Loans to other cultivators etc.

Adjustment of Debts.

Alternate Credit Agencies.

24. Do you consider that conciliation and scaling down of existing agricultural debts is necessary? What debts would you exclude from the term "agricultural debts" for the purpose of adjustment?
25. Should arrears of rent due by tenants to their ex-landlords before 31st August 1951 be included in the scheme of debts adjustment?
26. Should conciliation and scaling down of agricultural debt be voluntary or compulsory? Give reasons for your reply.
27. Are you in favour of adjustment of debts being made through the machinery of Special Debt Conciliation Boards of ordinary Civil Courts? Give reasons for your reply.
28. Describe in general the procedure that may be adopted for:—
 - (a) fixing of time limit for submission of applications for adjustment of debts both by debtors and creditors;
 - (b) opening up of past accounts from the commencement of transactions;

- (c) rate or rates of interest allowable for different periods ;
- (d) methods of striking balance of principal and interest due ;
- (e) the extent to which the balance of principal and interest should be scaled down with due regard to the value of assets and the repaying capacity of the agricultural debtor ;
- (f) do you agree that adjusted debt should not in any case exceed twice the amount of the actual principal lent ?
- (g) as regards debts secured on land or other immovable property, what facilities should be given to the debtor to redeem mortgaged property ?
- (h) do you consider that it is necessary to re-examine transfers or sales of lands to creditors by debtors who apply for adjustment ? Do you consider that decretal debts should be subject to adjustment ?
- (i) what should be the maximum rate of interest allowable on award of adjusted debts ?
- (j) what should be the maximum number of instalments in which adjusted debts may be made repayable ?
- (k) if the debtor has no adequate capacity to pay the adjusted debt in the instalments which can be fixed, should the debtor be declared insolvent ?
- (l) would you suggest some priority for payment of different kinds of adjusted debts ?

29 Is adjustment of agricultural debts likely to result in curtailment of agricultural credit ? What remedies do you suggest ?

30. Do you know any special measures of protection to cultivators having been adopted by some of the former States in the matter of execution of decrees ? If so, how did they operate ?
31. How far should compensation payable by the tenants to garasdars be utilised for payment of adjusted debts ? How much of this compensation should be utilised for rehabilitation of garasdars ?
32. What in your opinion would be the appropriate agency for payment of adjusted debts to creditors ? Do you consider it necessary that creditors should be paid immediately in cash ? Can they not be paid in bonds guaranteed by Government or in annual instalments payable by the debtors ?
33. What in your opinion would be effective agricultural financing agencies for providing both short term and long term credit requirements of agriculturists ;
34. What measures would you suggest for regulating the grant of credit to adjusted debtors ? Can you suggest any safeguards against relapse of adjusted debtors into indebtedness ?
35. To what extent can co-operative credit agency and other organised credit agencies cater for the credit requirements of agriculturists ?

Cognate Matters.

36. What is your view regarding popular response till now to the Co-operative Movement and Village Panchayat drive in Saurashtra ? Do you believe in their usefulness *inter alia* in stabilising rural credit and serving village economy ? If you are of opinion that both movements should expand, have you any suggestions to offer for accelerating their expansion ?
37. Have you any suggestions to make for effecting improvements for the social and economic well being of the cultivating classes in the State ?

38. Can you suggest any ways or methods by which savings in rural areas can be tapped and utilised for productive purposes in rural areas ?
39. Do you consider that agricultural debt relief is a measure in the right direction ? Do you consider that initiation of this measure along with expansion of irrigation facilities and introduction of agrarian reforms programme of the five years plan will serve to rehabilitate village economy in Saurashtra ?
40. Do you consider that restriction on alienation of agricultural land would serve to minimise relapse into indebtedness ?

Agricultural Debt Relief Legislation.

41. What in your opinion would be the model legislation for Saurashtra to adopt for purposes of debt relief ? Are you in favour of the Bombay Agricultural Debtors Relief Act, 1947 and the Bombay Money Lenders Act, 1946 ? What principal modifications would you suggest in these Acts so as to meet the peculiar conditions of Saurashtra ?
42. What are your views about introduction of the Bombay Tenancy and Agricultural Lands Act, 1948 and the Bombay Consolidation of Holdings and Prevention of Fragmentation Act, 1947 ?

General.

43. In addition to measures for relief from agricultural indebtedness and regulation of money lending, what measures would you suggest for rehabilitation of different classes of agriculturists of Saurashtra, viz. garasdars, ex-barkalidars and their tenants, and khalsa cultivators ?
44. What are your general suggestions for raising the standard of living of agriculturists in Saurashtra ?

RAJKOT,

9th June, 1952.

APPENDIX II

NAMES AND TYPES OF VILLAGES SURVEYED.

District	Taluka or Mahal	Serial No.	Name of village	Nature of village	Remarks
Gohilwad.	Bhavnagar Taluka	1	Bhumbhli	Khalsa	Of the former Bhavnagar State
	Palitana Taluka	2	Hathsani	Non-Khalsa Girasdari (Talukdari)	of the former Chok Thana.
Halar ...	Dhrol Taluka	3	Bhensdad	Khalsa	Of the former Dhrol State
	Bhanvad Mahal	4	Verad	Khalsa	Of the former Nawanagar State
	Kalyanpur Mahal	5	Bhopalka	Non-Khalsa (Mulgiras)	Of the former Nawanagar State
Madhya Saurashtra	Jasdan Taluka	6	Virnagar	Khalsa	Do.
	Wankaner Taluka	7	Sindhavadar	Non-Khalsa Girasdari (Bhayati)	Of the former Wankaner State
Sorath ...	Visavadar Taluka	8	Moti-Monpari	Khalsa	Of the former Junanadh State
	Bhesan Mahal	9	Khambhalia	Non-Khalsa (Mulgiras)	Do.
	Veraval	10	Sidokar	Non-Khalsa (Barkhali)	Do.
Zalawad...	Halvad Taluka	11	Mansar	Khalsa	Of the former Dhrangadhra State
	Muli Taluka	12	Limli	Non-Khalsa Girasdari (Bhayati)	Of the former Muli State

APPENDIX III

POPULATION OF SAURASHITRA.

Villages 4191 Towns : 237 Total number of villages and towns. 4428*

Classes	Rural	Percentage of rural population classwise to total.	Urban	Percentage of urban population classwise to total.	Total	Percentage of rural & urban population classwise to total.
<i>Agricultural classes including dependents</i>						
I Cultivators of land wholly or mainly owned.	1231,207	44.87	1,24,397	8.93	13,55,604	32.76
II Cultivators of land wholly or mainly unowned.	3,30,513	12.04	14,643	1.05	3,45,156	8.35
III Cultivating labourers.	1,44,265	5.26	11,320	00.81	1,55,585	3.76
IV Non-cultivating owners of land, agrl. rent receivers	62,525	2.28	10,250	.74	72,775	1.76
Total of agricultural classes	17,68,510	64.45	1,60,610	11.53	19,29,120	46.63
<i>Non-agricultural classes including dependents</i>						
V Those following pastoral occupation	4,26,362	15.53	3 17,317	22.78	7,43,679	17.97
VI } Commerce	5,49,326	20.2	9,15,234	65.69	14,64,560	35.40
VII } Transport						
VIII } Other Services & miscellaneous						
Total of non-agricultural classes	9,75,688	35.55	12,32,551	88.47	22,08,239	53.37
GRAND TOTAL	27,44,198	100	13,93,161	100	41,37,359	100

* The total number as recently published by the Revenue Department is 4438. The slight difference is due to the inclusion of some *Timbas*.

APPENDIX III
TABLE A
POPULATION OF SAURASHTRA DISTRICTWISE
Gohilwad District

Villages : 988 Towns : 62 Total number of villages & towns : 1050

Classes	Rural	Percent- age of rural po- pulation classwise to total	Urban	Percent- age of urban popula- tion class- wise to total	Total	Percent- age of rural and urban po- pulation classwise to total						
<i>Agricultural Classes including dependents</i>												
I Cultivators of land wholly or mainly owned	2,91,798	41.41	21,490	6.81	3,13,288	30.71						
II Cultivators of land wholly or mainly unowned	76,257	10.82	3,879	1.23	80,136	7.86						
III Cultivating labourers	55,821	7.92	2,585	.82	58,406	5.73						
IV Non-cultivating owners of land, agricultural rent receivers	21,401	3.04	2,163	.69	23,564	2.31						
Total of agricultural classes	4,45,277	63.19	30,117	9.55	4,75,394	46.61						
<i>Non-agricultural classes including dependents</i>												
V Those following pastoral occupations	94,079	13.35	85,398	27.07	1,79,477	17.59						
VI } Commerce VII } Transport VIII } Other services & miscellaneous.	1,65,325	23.46	1,99,934	63.38	3,65,259	35.80						
Total of non-agricultural classes.							2,59,404	36.81	2,85,332	90.45	5,44,736	53.39
GRAND TOTAL...							7,04,681	100.	3,15,449	100.	10,20,130	100.

Halar District.

Villages : 632 Towns : 25 Total number of villages & towns 657

Classes.	Rural.	Percentage of rural population classwise to total.	Urban.	Percentage of urban population classwise to total.	Total.	Percentage of rural and urban population classwise to total.
<i>Agricultural Classes including dependents</i>						
I Cultivators of land wholly or mainly owned	1,96,359	50.96	17,135	9.06	2,13,494	37.16
II Cultivators of land wholly or mainly unowned	30,534	7.92	1,279	.67	31,813	5.54
III Cultivating labourers	10,783	2.80	1,206	.64	11,989	2.09
IV Non-cultivating owners of land, agricultural rent receivers	9,002	2.34	1,224	.65	10,226	1.78
Total of agricultural classes	2,46,678	64.02	20,844	11.02	2,67,522	46.57
<i>Non-agricultural classes including dependents</i>						
V Those following pastoral occupations.	71,329	18.51	43,543	23.02	1,14,872	20.00
VI } Commerce VII } Transport VIII } other Services and miscellaneous.	67,317	17.47	1,24,761	65.96	1,92,078	33.43
Total of non-agricultural classes.	1,38,646	35.98	1,68,304	88.98	3,06,950	53.43
GRAND TOTAL ...	3,85,324	100.	1,89,148	100.	5,74,472	100.

Madhya Saurashtra District

Villages 936 Towns: 54 Total number of villages and towns: 990

Classes	Rural	Percent- age of rural popula- tion class- wise to total	Urban	Percent- age of urban po- pulation classwise to total	Total	Percent- age of rural and urban po- pulation classwise to total.
<i>Agricultural classes including dependents</i>						
I Cultivators of land wholly or mainly owned	2,95,151	46.38	39,992	9.77	3,35,143	32.05
II Cultivators of land wholly or mainly unowned.	71,689	11.26	3,480	.85	75,169	7.19
III Cultivating labourers.	21,590	3.39	3,033	.74	24,623	2.35
IV Non-cultivating owners of land, agricultural rent receivers	12,289	1.93	1,566	.38	13,855	1.33
Total of agricultural classes	4,00,719	62.96	48,071	11.74	4,48,790	42.92
<i>Non-agricultural classes including dependents.</i>						
V Those following pastoral occupations.	1,05,294	16.54	86,473	21.13	1,91,767	18.34
VI } Commerce Transport	1,30,440	20.50	2,74,678	67.13	4,05,118	38.74
VII } Other Services and miscellaneous.						
Total of non-agricultural classes	2,35,734	37.04	3,61,151	88.26	5,96,885	57.08
GRAND TOTAL	6,36,453	100.	4,09,222	100.	10,45,675	100.00

Sorath District.

Villages: 1009

Towns 65

Total number of villages and towns: 1,074

Classes	Rural	Percentage of rural population classwise to total	Urban	Percentage of urban population classwise to total	Total	Percentage of rural and urban population classwise to total
<i>Agricultural Classes including dependents.</i>						
I Cultivators of land wholly or mainly owned	3,42,340	50.91	34,089	10.37	3,76,429	37.60
II Cultivators of land wholly or mainly unowned.	78,183	11.63	2,274	.69	80,457	8.04
III Cultivating labourers.	37,890	5.63	3,715	1.13	41,605	4.16
IV Non-cultivating owners of land, agricultural rent receivers.	8,260	1.23	3,783	1.15	12,043	1.20
Total of agricultural classes.	4,66,673	69.40	43,861	13.34	5,10,534	51.00
<i>Non-agricultural classes including dependents.</i>						
V Those following pastoral occupations	93,778	13.94	63,465	19.31	1,57,243	15.71
VI } Commerce	1,12,038	16.66	2,21,339	67.35	3,33,377	33.29
VII } Transport						
VIII } Other services and miscellaneous.						
Total of non-agricultural classes.	2,05,816	30.60	2,84,804	86.66	4,90,620	49.00
GRAND TOTAL ...	6,72,489	100.	3,28,665	100.	10,01,154	100.

Zalawad District.

Villages : 626 Towns : 51 Total number of villages and towns : 657

Classes.	Rural.	Percent- age of rural popula- tion class- wise to total.	Urban.	Percent- age of urban popula- tion class- wise to total.	Total.	Percent- age of rural and urban popula- tion to total.
<i>Agricultural Classes including dependents</i>						
I. Cultivators of land wholly or mainly owned.	1,05,559	30.58	11,691	7.76	1,17,250	23.64
II. Cultivators of land wholly or mainly unowned.	73,850	21.39	3,731	2.48	77,581	15.64
III. Cultivating labourers.	18,181	5.27	781	.52	18,962	3.82
IV. Non-cultivating owners of land, agricultural rent receivers.	11,573	3.35	1,514	1.00	13,087	2.64
Total of agricultural classes.	2,09,163	60.59	17,717	11.76	2,26,880	45.74
<i>Non-Agricultural classes including dependents</i>						
V. Those following pastoral occupations.	61,882	17.92	88,438	25.51	1,00,320	20.23
VI. } Commerce	74,206	21.49	94,522	62.73	1,68,728	34.03
VII. } Transport						
VIII. } Other services and Miscellaneous.						
Total of non-agricultural classes.	1,36,088	39.41	1,32,960	88.24	2,69,048	54.26
GRAND TOTAL ...	3,45,251	100	1,50,677	100	4,95,928	100

APENDIX III (Contd.)

CLASSIFICATION OF THE POPULATION OF SAURASHTRA

District	Total No. of Towns and Villages	Population	Classification of Population							
			Less than 500		Not less than 500 but less than 2,000		Not less than 2,000 but less than 5,000		5,000 and above	
			No.	Population	No.	Population	No.	Population	No.	Population
Gohilwad ...	1,050	10,20,130	514	1,49,733	474	4,85,981	48	1,32,157	14	3,02,259
Halar ...	656	5,73,472	357+1	97,084	274	2,43,387	16	50,427	9	1,83,574
Madhya Saurashtra.	990	10,45,675	486	1,38,921	450	4,01,475	37	1,12,830	17	3,92,449
Sorath ...	1,074	10,01,154	562	1,50,714	447	4,07,088	48	1,35,413	17	3,07,939
Zalawad ...	657	4,95,928	389	93,814	237	2,01,138	20	52,897	11	1,48,079
Total ...	4,428	41,37,359	2,309	6,30,266	1,882	16,89,069	169	4,83,724	68	13,34,300

159

Abstract
UNITS

Below 5,000		5,000 and above	
Number	Population	Number	Population
2,309	6,30,266	68	13,34,300
2,051	21,72,793		
4,360	28,03,059		
28,03,059 + 13,34,300 = 41,37,359			

Generally the villages having less than 5,000 population are classed as rural but some of these showing urban characteristics are actually included in urban category and those having population of 5,000 or more showing rural characteristics are included in rural category. This accounts for the slight differences shown by these figures in comparison with the figures of rural urban population.

APPENDIX III. (Contd.)

TABLE B

DEPENDENCY WITHIN LIVELIHOOD CLASSES
IN SAURASHTRA STATE.

Livelihood classes.	Percentage of total population.	Percentage within each livelihood class of		
		Self-support- ing persons.	Non-earning dependents.	Earning dependents
I	... 32.77	22.56	50.20	27.24
II	... 8.34	21.80	49.39	28.81
III	... 3.76	31.54	42.71	25.75
IV	... 1.76	24.14	68.24	7.62
Total agricultural classes.	... 46.63	23.21	50.13	26.66
V	... 17.97	23.82	60.75	15.43
VI	... 10.74	20.82	73.56	5.63
VII	... 2.59	24.49	70.40	5.11
VIII	... 22.07	25.25	64.55	10.20
Total non-agricultural classes.	... 53.37	23.84	65.36	10.80
All Classes	... 100.00	23.54	58.26	18.20

APPENDIX III (Contd).

TABLE C

LITERACY IN SAURASHTRA STATE,

TOTAL POPULATION: -4,137,359.

PERCENTAGE OF LITERACY AMONG THE EIGHT LIVELIHOOD CLASSES.

<i>Livelihood Classes</i>			<i>Percentage of total population.</i>
<i>Agricultural Classes.</i>			
I. Owner cultivators	...	...	9.43
II. Tenant Cultivators	...	...	5.17
III. Agricultural Labourers	...	...	4.19
IV. Landlords.	...	...	21.74
<i>Non-Agricultural Classes.</i>			
V. Production	...	...	18.31
VI. Commerce	...	...	44.70
VII. Transport	...	...	24.56
VIII. Other services	...	...	25.73
Average percentage of all the classes			... 18.47
<i>10 per cent Sample population.</i>			
	Rural	...	11.34
	Urban	...	34.09

APPENDIX IV

STATISCAL AND GENERAL INFORMATION RELATING TO FIVE OF THE PRINCIPAL STATES OF KATHIAWAR WHERE OCCUPANCY RIGHTS WERE GIVEN TO AND CASH ASSESSMENT WAS PAYABLE BY CULTIVATORS OF KHALSA LAND.

Items.	Junagadh.	Nawanagar.	Bhav-nagar.	Morvi.	Gondal.	Total for the five States.	All Kathiawar.	Remarks.
1	2	3	4	5	6	7	8	9
1. Area in sq. miles.	3,337.7	3,791.3	2,961	822	1,024	11,935	21,062	The area in Col. 2 was inclusive of Mangrol.
2. Number of viliages.	866	703	655	157	175	2,556	4,415	
(i) Khalsa.	541	557	527	115	123	1,863	2,689	
(ii) Non-khalsa	325	146	128	42	52	693	1,726	
	866	703	655	157	175	25,56	4,415	
3. Population...	6,70,719	5,04,006	6,18,429	1,41,761	2,44,514	21,79,429	35,56,912	As per 1941
4. Nature of soil.	Rich garden and dry crop as well as rice growing; <i>ghed</i> subject to inundation <i>nagher</i> yielding 3 crops a year.	Black, red, gravel, good, medinm, as well as poor.	Black	Chiefly black.	Gravelly	—	—	census.
5. Irrigation facilities.	25 canals irrigated 2756 acres ; 49,106 wells.	4 tanks 6 canals 25,046 wells	3 irriga-tion tanks and wells.	—	2 irriga-tion tanks and wells.	—	Reference is invited to para 88 of the Report	

6. Number of <i>khatas</i> of khalsa cultivators (1946-47).	39,803	41,314	27,833	6,717	12,000 (approximately).	1,27,667	1,84,835	Reference is invited to Appendix VI of the Report of the Agrarian Reforms Commission, Saurashtra.
7. Acreage of holdings.	14,14,568	18,30,444	11,56,458	2,67,916	4,92,285	51,61,671	—	
(i) Cultivable Occupied.	7,09,009	10,59,594	7,51,413	Separate figures not available.	3,52,573	Separate figures not available	Separate figures not available	
(ii) Cultivable unoccupied	53,931	1,02,306	38,503		—			12,713
Total of (i) & (ii)	7,62,940	11,61,960	7,89,916	2,61,799	3,65,286	33,41,901	53,95,890	
(iii) Forest & Kharabas.	6,51,628	6,68,484	3,66,542	6,117	1,26,999	18,19,770	—	
Grand total of (i) (ii), (iii).	14,14,568	18,30,444	11,56,458	2,67,916	4,92,285	51,61,671	—	
8. Normal annual land revenue rupees.	25,00,000	33,00,000	30,00,000	10,25,000	17,75,000	1,16,00,000	2,00,00,000	
9. Principal Agricultural cattle and implements—								
No. of Bullocks.	89,334	75,285	1,17,221	19,377	31,573	3,32,790	—	
No. of ploughs.	24,512	84,667	37,379	7,757	10,995	1,15,810	—	

It is apparent that the particulars compiled in this Statement covered more than half the province of Kathiawar as on the eve of integration.

APPENDIX V.

DISTRICTWISE STATEMENT OF GRAM PANCHAYAT IN THE STATE OF SAURASHTRA.

1952-53 (UPTO FEBRUARY 1953).

Name of District.	Villages and Towns.			Total	Panchayats established upto February, 1953.			Land Revenue of Panchayat Villages. Rs.	Allotment of grant to Panchayats Rs.
	of less than 2,000 popula- tion	of not less than 2,000 but less than 5,000 population.	of not less than 5,000 popu- -lation		A Class	B Class	C Class		
Gohilwad	... 988	48	14	1,050	—	16	353	23,38,032	4,40,930
Halar	... 632	16	9	657	—	2	220	16,91,151	3,05,007
Madhya Saurashtra...	936	37	17	990	—	8	197	21,72,069	1,14,151
Sorath	...1,009	48	17	1,074	—	1	307	25,41,937	2,77,022
Zalawad	... 626	20	11	657	—	3	107	13,53,839	1,83,412
TOTAL	...4,191	169	68	4,428	—	30	1,184	1,00,97,028	13,20,522

APPEENDIX VI.

DISTRICT AND CATEGORYWISE CO-OPERATIVE SOCIETIES IN
SAURASHTRA AS ON 28-2-1953.

District.	Resource Societies.	Consumers Societies.	Producers Societies.	Housing Societies	Others.	Total.
1. Gohilwad ...	384	25	66	10	1	486
2. Halar. ...	54	14	29	5	1	103
3. Madhya Saurashtra.	107	26	44	11	7	195
4. Sorath ...	49	19	47	2	—	117
5. Zalawad ...	42	11	56	3	—	112
TOTAL ...	636	95	242	31	9	1,013

APPENDIX VII

DETAILED CLASSIFICATION OF CO-OPERATIVE SOCIETIES
IN SAURASHTRA AS ON 28-2-1953.

Sr. No.	Kind of Society.	No. as on 28-2-1953.
1	2	3
<i>Resource Societies.</i>		
1	Saurashtra Central Co-operative Land Mortgage Bank	1
2	Saurashtra Co-operative Bank	1
3	District Co-operative Bank	1
4	Taluka Co-operative Banks	4
5	Agricultural Credit Banks	235
6	Agricultural Multipurpose Societies	291
7	Urban Credit Societies	14
8	Employees Credit Societies	41
9	Intensive Agriculture Societies	13
10	Co-operative Agriculture Societies	6
11	Transport Societies	10
12	House Building Society	1
13	Purchase/Sale Co-operative Societies	10
14	Maldharis Co-operative Societies	2
15	Culture Propaganda Societies	1
16	Supervising Union	1
17	Crop Protection Society	1
18	Others	3
	Total	636
<i>Producers Societies</i>		
1	Weavers Societies	92
2	Leather Industry	59
3	Labour/Crafts	44
4	Miscellaneous (Printing)	16
5	Iron/Brass/Ware etc.	6
6	Salt Manufacturing	15
7	Ginning and Pressing	1
8	Fisheries	6
9	Central Co-operative	1
10	Maldhari Co-operative Society	1
11	Kansara Co-operative Society	1
	Total	242
	Cosumers Societies	95
	Housing Society	31
	Others	9
	Total	135
	GRAND TOTAL	1,013

APPENDIX VIII.

EXTRACT FROM THE REPORT OF ENQUIRY INTO THE CONDITIONS
OF AGRICULTURAL LABOUR IN THE KALYANPUR MAHAL
(HALAR DISTRICT) 1951-52.

The three villages selected were Raval, Ran and Bhatia.

In two villages all the agricultural labour families were investigated whereas in one village *viz.* Raval inquiry was done on sampling basis.

The information received from 96 families was accepted for analysis. The 96 families were comprised of 14 families of attached labour or *sathis* and 82 of casual labourers.

An average family was found to consist of 4.86 persons out of which 1.65 were males, 1.48 females and 1.73 children.

On the whole one earner (casual labourer) was found to work for 47.87 days as labourer in agricultural occupations, and 69.83 days in non-agricultural occupations, *i. e.* a total of 117.7 days in a year.

The following Table shows the prevalent rates of wages of casual labourers :—

Nature of labour.	Rates per day.		Normal.
	Minimum. Rs. As.	Maximum. Rs. As.	Rs. As.
1. Ploughing ...	1-0	2-0	1-0 or 1-4
2. Embanking ...	1-0	2-8	1-8
Harrowing ...	1-0	2-0	1-8
Manuring ...	0-12	2-8	1-0
Hoeing including others ...	0-8	1-8	1-0
3. Sowing ...	1-0	2-8	1-8
4. Transplanting ...	0-12	1-4	0-12
5. Weeding ...	0-12	1-8	0-12
6. Irrigating or canalizing water.	1-0	1-8	1-4
7. Harvesting ...	1-0	3-0	1-0 or 5 seers of grains.
8. Threshing ...	1-0	2-8	1-8 or Do.
9. Other operations ...	0-12	2-0	1-0
Plucking of cotton pods ...	0-12	1-0	0-12

Women are generally employed in transplanting, weeding and cotton picking operations. The system of payment in kind exists only in harvest and thrashing operations and that too during the season only.

The following (abstract) Table shows the cost of attached labour. :—

Annual wage payment.	Total estimated cash value per year.
Cash ranging from Rs. 100 to Rs. 400; plus two meals per day.	} Rs. 375 to 550.
Two pairs of clothing per year.	
One pair of shoes; and tobacco (maximum 12 seers per year).	

To meet deficit in family expenditure resort is usually had to loans. Sometimes loans are also taken for meeting the expenditure on ceremonies and other items. The figures collected show that 32 out of 82 families of casual labourers were in debt in the beginning of the year while 41 families were in debt at the end of the year. The average amount of loan per indebted family was Rs. 172-11-6 at the beginning of the year and Rs. 226-12-3 at the close of the year. When all families are considered, the indebtedness works out to Rs. 67-6-5 at the beginning of the year and Rs. 113-6-2 at the close of the year. The rates of interest usually varied from transactions to transactions.

APPENDIX IX

EXTRACT FROM THE NOTE ON SOCIO-ECONOMIC CONDITIONS IN VANTHALI
MAHAL AND MANAVADAR TALUKA SELECTED AS COMMUNITY PROJECT
AREA IN SAURASHTRA.

LAND.

Information about land classified according to acreage and use of land is given below :—

TABLE XI

CATEGORY	<i>Vanthali Mahal.</i>		<i>Manavadar Taluka.</i>	
	Area in acres.	Percentage to total	Area in acres.	Percentage to total
1. Total area. ...	1,08,669	100.0	1,28,510	100.0
2. Area under forest ...	407	0.4	32	.02
3. Barren and uncultivable land.	14,825	13.6	12,288	9.6
4. Uncultivated waste land not classified under forest.	4,825	4.4	2,766	2.1
6. Fallow land ...	12,922	11.9	8,070	6.3
6. Net area sown ...	75,690	69.7	1,05,354	82.0

IRRIGATION.

The following statement shows the net area sown, irrigated area and the percentage of irrigated area to net area sown :—

TABLE XII.

	<i>Vanthali Mahal.</i>	<i>Manavadar Taluka.</i>
Total net area sown.	75,690	1,05,354
Irrigated area.	7,781	5,319
Percentage of irrigated to total net area sown.	10.2	5.0

HOLDINGS.

The classification of cultivated holdings arranged in groups according to size is given below:—

TABLE XVII

Groups	Vanthali Mahal				Manavadar Taluka			
	No. of holdings	Per centage to total	Culti- vated area (acres)	Perce- ntag- e to total	No. of holdings	Per centage to total	Culti- vated area (acres)	Perce- ntag- e to total
Below 1 acre	61	1.4	36-34	0.3	2	0.4	1-13	0.2
1 to 2½	143	8.4	252-22		11		20-34	
2½ to 5	266	6.4	989-12	1.1	53	1.5	203-15	
5 to 7½	214	5.2	1210-9	1.4	65	1.9	554-15	0.5
7½ to 10	303	7.3	2546-19	2.8	51	1.5	514-17	0.5
10 to 15	567	13.7	7073-38	7.9	244	7.0	3411-10	3.0
15 to 20	644	15.5	11147-18	12.4	474	13.5	9371-14	8.3
20 to 25	584	14.1	12864-19	14.4	613	17.4	17765-13	15.6
Above 25 acres.	1364	33.0	53590-16	59.7	1990	56.8	81413-31	71.9
TOTAL...	4146	100.0	89712-7	100.0	3508	100.0	113256-2	100.0

NUMBER OF WELLS.

The number of wells, total area irrigated and area irrigated per well are given below :—

TABLE XV.

Blocks.	Wells.	Total area irrigated.	Area irrigated per well.
Vanthali Mahal ...	2,386	7,781	3.3
Manavadar Taluka ...	2,487	5,319	2.1

NUMBER OF PLOUGHS.

The table given below shows the number of iron and wooden ploughs and the cultivated area per plough and per pair of bullocks.

TABLE XVI.

No. of Ploughs	Vanthali Mahal	Manavadar Taluka
(1) Wooden ...	3,271	3,673
(2) Iron ...	40	68
(3) Total ...	3,311	3,741
Total cultivated land	88,612	1,13,424
Cultivated land per plough	27	30
Cultivated land per pair of bullocks...	21	26

The following table shows the extent of indebtedness amongst cultivators and non-cultivators in Vanthali Mahal and Manavadar Taluka :—

TABLE XX.

	Vanthali Mahal			Manavadar Taluka		
	No of families indebted.	Amount of Debt in Rs.	Debt per indebted family. Rs.	No of families indebted.	Amount of debt in Rs.	Debt per indebted family. Rs.
Cultivators ...	2,596	30,85,694	1,189	1,430	15,94,480	1,115
Non-cultivators.	1,949	9,88,145	507	2,742	10,99,725	401
Total ...	4,545	40,73,839	896	4,172	26,94,205	646

It is to be noted that in the case of cultivators the amount of indebtedness shown includes Tagavi loans also. Main sources of borrowing are money lenders, relatives, friends and Government.

Per capita indebtedness works out at Rs. 69 for Vantthali Mahal and Rs. 39 for Manavadar Taluka. Debt per family in Vantthali Mahal comes to Rs. 398 and Rs. 223 for Manavadar Taluka.

The table shows that in the case of cultivators, indebtedness is higher than in the case of non-cultivators. This is quite natural because in the case of cultivators there is at least a security of land for the loan while in the case of non-cultivators, perhaps his assets may be so low that the recovery of the debts may be rather difficult.

Vantthali Mahal seems to be much more indebted than Manavadar Taluka. In Vantthali Mahal 44% of families are indebted while in Manavadar Taluka this percentage is 34.

The amount of indebtedness appears to be rather high. There are two reasons that mainly account for these figures *viz.*, (1) The year of the survey was a year of scarcity ; (2) Three years back there was a scarcity.

Number this with the fact that the Government has granted Tagavi loans for agricultural purposes per family is a fairly high one.

APPENDIX X.

DISTRICTWISE STATEMENT SHOWING DISPOSAL OF APPLICATIONS FOR
ALLOTMENT OF LAND FOR PERSONAL CULTIVATION UPTO
28TH FEBRUARY 1953.

Name of District.	Number of applications filed	Number of applications disposed of	Percentage of disposal.
AS PER LAND REFORMS ACT.			
Gohilwad	... 4,104	3,465	83
Halar	... 1,326	1,284	97
Madhya Saurashtra	... 3,320	2,843	85
Sorath	... 943	937	99
Zalawad	... 3,994	2,830	70
Total.	... 13,687	11,359	87

AS PER BARKHALI ABOLITION ACT.

Gohilwad	... 1,709	1,582	94
Halar	... 224	201	90
Madhya Saurashtra	... 913	858	94
Sorath	... 1,570	1,569	100
Zalawad	... 1,456	1,083	74
Total	... 5,872	5,293	90

APPENDIX XI

FINANCIAL ASPECTS.

Relating to Implementation of Saurashtra Land Reforms Act and Barkhali Abolition Act.

COST OF ORGANIZATION.

Year	Budget sanction Rs.	Actual expenditure Rs.	Revised estimates Rs.	Budget estimates Rs.	Remarks.
1951-52 ...	2,38,400	2,01,243	—	—	} Thus the total cost of the organization will be about Rs. 8 lacs.
1952-53 ...	5,96,400	—	4,41,490	—	
1953-54 ...	—	—	—	1,57,050	

COMPENSATION/CASH ANNUITY PAYABLE AND PAID BY THE GOVERNMENT.

	1951-52		1952-53		1953-54	Remarks.
	Budget sanction Rs.	Actual disbursement Rs.	Budget sanction Rs.	Estimated disbursement Rs.	Budget estimates Rs.	
Compensation to Garasdars.	6,00,000	14,933	59,85,000	53,79,775	53,37,500	} Thus the total estimated compensation amount payable upto and inclusive of 1953-54 would come to Rs. 1.07 crores.
Cash annuity to Brakhalidars.	10,00,000	3,25,755	29,75,000	34,68,537	15,75,000	

FINANCIAL IMPLICATIONS IN GENERAL.

During the 21 years for which the Government will be paying compensation to garasdars and cash annuity to barkhalidars on recovery of assessment from their tenants made occupants and also of assessment from the garasdars and barkhalidars in respect of the land they are allowed to retain for personal cultivation, the gain to Government is estimated at 2.3 crores which however will have to be spent by Government for development charges. The annual income to the State after 21 years is estimated at Rs. 42,00,000 from gharkhed land of garasdars and 12,25,000 from gharkhed land of barkhalidars. This will be the amount of land revenue in addition to the land revenue of the State which is at present Rs. 2 crores or thereabout.

APPENDIX XII

DISTRICTWISE STATEMENT OF DEMANDS FOR LOANS MET BY THE SAURASHTRA CENTRAL
CO-OPERATIVE LAND MORTGAGE BANK LTD.,
UPTO 15TH DECEMBER, 1952.

Number of Talukas in the District.	Number of members	Amount of shares. Rs.	Number of debtors.	Amount of loans.	Remarks.
			GOHILWAD DISTRICT.		
15	5,192	52,030	4,173	23,68,764	
			HALAR DISTRICT.		
8	1,253	12,530	1,269	4,04,148	
			MADHYA SAURASHTRA DISTRICT.		
14	7,905	79,180	7,194	49,86,400	
			SORATH DISTRICT.		
11	1,598	15,990	1,055	5,47,168	
			ZALAWAD DISTRICT.		
9	9,154	91,780	8,102	56,01,977	
TOTAL....					
57	25,102	2,51,510	21,793	1,39,08,457	

APPENDIX XIII

PERSONS LEFT WITH UNECONOMIC HOLDINGS

PROGRESS REPORT FOR THE PERIOD ENDED 28th FEBRUARY, 1953.

Sr. No.	Name of District.	Under the Land Reforms Act.		Under the Barkhali Abolition Act.	
		Persons left with less than economic holdings.		Persons left with less than economic holdings.	
		Garasdars	Cultivators.	Barkhalidars.	Cultivators.
1	Gohilwad	... 753	2,209	655	889
2	Halar	... 167	315	68	55
3	Madhya Saurashtra	... 724	1,738	337	198
4	Sorath	... 128	1,001	204	231
5	Zalawad	... 923	1,783	486	759
	TOTAL	... 2,695	7,046	1,750	2,132

APPENDIX XVI.

STATEMENT SHOWING TAGAVI ADVANCE DURING 1951-52 FOR VARIOUS PURPOSES.

District.	Wells	Bullocks	Seeds	Kos Varat	Band Palas	Grass	Tools Implements Machines	Mainte- nance	Sundry other purposes.	Total
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gohilwad	15,17,810	3,75,250	3,13,582	3,96,733	40,154	30,764	62,760	85,104	907	23,23,064
Halar ...	6,57,238	1,32,527	70,915	8,687	25,232	845	54,396	5,384	985	9,56,209
Madhya Saurashtra	6,68,523	2,79,507	1,20,070	1,16,898	27,236	90,549	59,310	8,875	31,905	14,02,873
Sorath ...	9,90,350	4,66,766	59,099	12,180	24,230	33,995	49,055	19,390	30,690	16,85,755
Zalawad.	10,76,798	1,94,720	2,27,718	2,54,625	19,741	46,626	—	50,800	1,26,788	19,97,816
Total ...	49,10,719	14,48,770	7,91,384	7,89,123	1,36,593	2,02,779	2,25,521	1,69,553	1,91,275	88,65,717

APPENDIX XVIII

LIMLI

Zalawad District

Some heavily indebted Garasdar families.

Families.	No. of Members.	Acreage of holding (inclusive of land in Limli as well as outside Limli).	Total debts (1951-1952).	Average income.	Average expenditure.	Approximate annual deficit.	No of tenants.	Remarks.
			Rs.	Rs.	Rs.	Rs.		
1	2	3	4	5	6	7	8	9
A.	3	114	23,700	140	600	460	—	Only 5 acres remained with the garasdar; the rest mortgaged.
B.	11	203	19,902	1,767	2,320	553	10	57 acres of the holding mortgaged.
C.	8	40	2,905	187	1,000	813	3	33 acres of the holding mortgaged.
D.	21	233	21,035	1,040	3,740	2,710	—	188 acres of the holding mortgaged.
E.	11	111	28,000	700	2,000	1,300	7	81 acres of the holding mortgaged.
F.	2	40	3,200	95	400	305	1	20 acres of the holding mortgaged.

1	2	3	4	5	6	7	8
9, Average amount of debt per acre Rs.		48	11	30	12	31	36
10, Debt as multiple of assessment,		14	6	12 less than 3 multiples 5 3 to 5 multiples 7 5 to 10 multiples 9 more than 10 multiples <hr/> 33 4 debt free.	2½	7½	14
11. Purpose and Amount of Debt Rs.							
Agricultural Requirements ...		17,927	10,770	23,899	6,260	40,000	28,349
Social and Domestic needs.		2,900	400	8,825	3,055	22,601	22,643
Total ...		<u>20,827</u>	<u>11,170</u>	<u>32,724</u>	<u>9,315</u>	<u>62,601</u>	<u>50,992</u>
12. Sources & Amounts of Loan. Rupees.							
Govt. Advances. ...		3,571	5,605	8,514	3,030	13,067	9,404
Co-op. Societies. ...		6,266	—	—	—	—	—
Total ...		<u>9,837</u>	<u>5,605</u>	<u>8,514</u>	<u>3,030</u>	<u>13,067</u>	<u>9,404</u>
Money-Lenders ...		7,635	2,415	18,830	—	—	—
Relatives and Others.		3,355	3,150	5,380	6,285	49,534	41,588
Total ...		<u>10,990</u>	<u>5,565</u>	<u>24,210</u>	<u>6,285</u>	<u>49,534</u>	<u>41,588</u>
Aggregate Total ...		<u>20,827</u>	<u>11,170</u>	<u>32,724</u>	<u>9,315</u>	<u>62,601</u>	<u>50,992</u>