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REPORT
OF THE
PEASANT ENQUIRY COMMITTEE
OF
The Maharashtra Provincial Congress Committee
1936

R E P O R T

OF THE

PEASANT ENQUIRY COMMITTEE

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PREFACE.

After the withdrawal of the Civil Disobedience Movement, there was a general consensus of opinion among the Congress workers of Maharashtra that it was urgently desirable to widen our organisation and link it organically with the problems and needs of the peasant masses. With a view to help a more correct appraisal of the rural situation, the Maharashtra Provincial Congress Committee appointed the Peasant Inquiry Committee on 14th July, 1935. The Committee consisted of :—

Sjt. A. S. Patwardhan, Ahmednagar.
Sjt. R. K. Khadilkar, (Convener) Poona.
Sjt. Mohanlal Dantwala, Dhulia.
Sjt. V. P. Limaye, Poona.
Sjt. K. M. Jedhe, M.L.A., Poona.
Sjt. N. V. Gadgil, M.L.A., Poona.

The scope of the inquiry was indicated in the following manner :

“The Committee should study the economic conditions of the various strata of peasantry, the richer peasant, owner-cultivator, and sections of the poorer peasantry—the various types of tenants and landless labourers—with a view to understand their immediate needs as producers of India's food and fodder. The Committee should also survey certain specific problems like indebtedness, land-revenue, rent, forest and irrigation grievances etc., and outline a programme of immediate demands on the basis of which peasant organisations may be stimulated all over the province.”

The Resolution of the Maharashtra Provincial Congress Committee gave the following terms of reference :—

The Committee is to mainly inquire into :—

- (1) The present revenue system and its effects,
- (2) The agricultural indebtedness, how to reduce it, and how to provide credit facilities to the peasant,
- (3) Co-operative movement,
- (4) Land-mortgage Banks and their immediate results

- (5) Forest grievances and how to remove them,
- (6) Difficulties faced by Bagaitdars,
- (7) Khoti system,
- (8) The condition of the landless agricultural labour,
- (9) The basis of Peasants' Organisations in Maharashtra,
- (10) Subsidiary industries and possibilities of their development, and
- (11) Other allied grievances.

The Committee first collected official and statistical data available from the Government Reports and then drew up a questionnaire which was sent to five or six normal villages from each district. But it was considered necessary not to treat the districts as such, as units, but to divide the field of inquiry into definitely homogeneous zones. Thus we had a cotton zone, a rice zone, a dry food-crop zone and well or canal-irrigated money-crop zone. In each of these zones, the Committee tried to get a series of cross-sections of the peasantry, the well-to-do class, the marginal-middle-peasant, and the impoverished mass of lower peasantry, both tenants and labourers. It is in this fashion that the problem was analysed. With a view to gain a realistic touch with the various problems, the Committee divided the area and toured almost every district to study at first hand four or five villages of the normal type. This personal contact has given to the Committee's efforts a much greater interest. It was our object to test theories by means of facts, and understand facts in a sort of synthesis, which turns the particular into the general.

We were specially interested in understanding two main problems at every place we visited. We wanted to estimate the average cost of production, and the average gross produce and its value at current prices. The one question we set ourselves to answer was, whether the "two ends could meet", was there a surplus in the normal years and how many percent of the cultivators had a surplus? That was a rough and ready test of solvency and stability. Such an inquiry should have gained much in its value, if it had the co-operation of the Government; if it had access to all the information that the State alone can possess. In the absence of such a data, much of our information—the facts and figures—cannot, strictly speaking, be called statistics. But we

are confident that they are, broadly speaking, correct. However, we shall always be glad if a new set of facts are presented to us. We shall be only too happy to revise our analysis in the light of such facts.

It would have been impossible for us to do any justice to our responsibilities, were it not for the fact that in every district we were fortunate in getting the willing co-operation of Congress workers who have won the confidence of the peasantry by their selfless service of the peasant masses. We are very glad to tender our hearty thanks to all these friends in every district.

Besides these Congress workers, the Committee had the valuable assistance, advice and co-operation of Principal D. R. Gadgil, Director of the Gokhale Institute of Economics and Politics, Poona, at every stage of inquiry. And while we should like to make it clear that he is in no way committed to the opinions expressed by us, we gratefully acknowledge all the valuable guidance and encouragement we have always received from him.

We must confess that in submitting this report we are conscious of a deep sense of the limitations of our performance. The inadequacy of our data has been indeed a serious handicap. However, we hope that Congress and peasant workers in the village-areas would try to understand at first hand the specific economic problems affecting the peasant's life as a producer of wealth; and we look forward to them to take up intensive surveys over very small areas to complete the work we have begun.

CHAPTER I.

The Problem.

The peasant is the back-bone of India's economic life and all is certainly not well with him. This simple and direct conclusion stands clearly out of all the babel of controversy that surrounds the consideration of every problem relating to the economic well-being of the Indian masses. It is our object to focus attention on the Maratha peasant, and to analyse in brief the problem of his immediate economic stability and well-being.

To all outward appearance, the aspect of the country-side in Maharashtra has not changed very considerably since the days of the Maratha Empire. Here and there, in a few patches of irrigated canal land, the tractor has made its appearance. Over a much larger area again, the iron plough has replaced the older wooden gadgets; the technique however remains materially unaltered. But if the peasant in Maharashtra has not changed, the world around him has altered to a degree that he has still not realised. And the relationship in which he stood to it has also undergone a revolutionary change. Every text-book of Indian economics to-day elaborates the nature of what Morrison called the 'Transitional economy'. This alteration of the essential relationship of agriculture to the rest of the economic life of the community is the very fundamental root cause of the present state of unbalance. The significance of this fact has not received its proper share of attention. But this is precisely the point at which our critical attention must be focussed if our analysis is to yield us any positive guidance.

The Maratha peasant became a subject of attention of the State as early as the eighties of the last century. The destruction of the handicrafts, consequent on the influx of machine-produced goods from Great Britain, led to what Justice Ranade called 'progressive ruralisation.' Thus, increased pressure on land and the ignorance of the peasantry in fighting for their land, in a commercial age of contractual relationships, led to exploitation and discontent which expressed themselves in the form of riots. The best commentary on the silent transformation of the econo-

mic processes of the agrarian economy and the repercussions of the same on the character and temper of the peasantry, may be had in the Report of the Deccan Riots Commission (1875). The last decade of the 19th century was for the peasant a period of unusual storm and stress. The peasant was feeling the pressure of the contact of an exchange-economy and trying to adjust himself to those unknown forces which he called ' bad times.' On top of all this came lean years of bad harvest and crop-failures. The Famine Commissions have given us a picture of this period in the rural economy. The basic fact of unbalance of industry and agriculture found eloquent expression in the Report of the Industrial Commission, but little was done to implement the understanding of the problem by means of a comprehensive policy for the assistance of the peasant. | 'Lessez faire' conceptions still suited the colonial policy of British Imperialism. Thus there were no conscious efforts of the State towards a solution of the instability of agriculture. Takawi and Co-operation in themselves were unable to correct the basic unbalance of the rural economy and were at best halting palliatives and at worst a miserable eye-wash. The gradual development of industrialism was too slow to provide a corrective, but it did help to secure an outlet for the more mobile sections of the countryside and thus indirectly relieved the pressure on agriculture.

It was only during the second decade of the 20th Century that the World War accelerated the pace of industrialisation and thus created a demand for labour, and opened up a new chapter in the economy of exchange as it affected the rural producer. This was the result of higher prices all round and it made the peasant an integral factor in the exchange-economy. Thus in the years that followed the war, came a period of good times, fresh avenues of employments in the towns, and better prices for certain agricultural commodities. On the waves of this boom the peasant floated unknowingly on the stormy seas of an international exchange-economy. Better prices pushed up the 'margin of profitability' as long as they lasted ; but pari pasu they were completing the transformation of the rural economy, breaking its shell of self-sufficiency, and the defences provided by the static economy of the pre-machine period. Thus though industrialism did not change the outward form of our peasant existence materially, *it irrevocably altered the content and character of the*

relationship between agriculture and industry. All the same, researches of such social scientists as Dr. Mann and Keatings were even in this period providing ample warning of this basic instability of agriculture as an industry that worked on a very precarious margin of profitability, depressed standards of cultivation and production, unsound and ruinous finance. The transformation of agriculture from a self-sufficient and decentralised unit of production and consumption to a primitive appendage of an industrialised economy, was fraught with dangers which even the most cautious students of rural economy in India could not assess at their real value. Thus the Agricultural Commission which made quite a comprehensive survey of the rural economy could not, in the closing years of the last decade, foresee the approach of newer strains of hitherto unrealised intensity. Once agriculture was securely hooked to the wagon of industrialism, it was only natural that it should react quasi-automatically to the barometer-index of demand and supply. Thus came the development of commercial-crop-economy in which production was essentially for the market, in contrast to the production for consumption of a decentralised feudal economy. All this hung on the sensitive scales of a price-economy. The comparative steadiness (and even a definite rise) of price levels and increased demand for primary agricultural products for the first ten years after the war, created a temporary illusion of security, which even the first rumblings of the storm could not disturb early enough to prepare for some "safety-first" devices.

The continued extension of the cultivation of commercial crops temporarily reduced the incidence of low productivity by pushing up and maintaining at a higher level the margin of profitability. It was the only means open to the millions of peasants to make a good job of their efforts. But all the same they were becoming increasingly dependent on the market, ceasing to be self-sufficient.

But that was not the only reason of this transformation. The pressure on land increased so much that self-sufficiency was for thousands an impossible objective. Holdings were shrinking, and the level of productivity was not rising. On the other hand it was steadily being threatened by the continuous process of fragmentation and sub-division. Thus, though it is true that

changes in the modes of production are scarcely if ever purposefully desired by the many, if the peasant continued to hitch his wagon to the star of the world market, he did it instinctively under the pressure of outside forces which, though he could not comprehend them, moved him in the orbit of an exchange-economy. / The pressure on land had increased, the size of the holding was diminishing, productivity was refusing to expand in response to his growing needs; so the higher prices offered by an exchange-economy seemed to indicate the way out his problems. It would have been a wonder if he had failed to accept this way. For him, it must be admitted, it was the only way out.

A tiny cog in an intricate mechanism of international trade, he is moved by its gigantic forces. The peasant can individually never hope to control and direct the forces. Once the peasant begins to produce for the market, the web of his prosperity is woven by the price-system on the money-machine. That is the crux of the present problem.

Thus, inspite of that superficial distinction between Industry and Agriculture on the score of the comparative absence of mechanisation in the latter, they are both controlled by the same exchange-economy, and are subject to the same international forces.

On such a country-side descended the blight of the great depression. Its fury had humbled the pride of two continents of pot-bellied businessman; it threw the entire mechanism of international markets completely out of gear, and with it, it threw the unfortunate peasant in the bottomless valley of despair. The peasant had no protection against this bolt from the blue. It upset his precarious balance-sheet and, with no reserve to fall back upon, he was completely prostrated. Prices of agricultural commodities continued to fall in an even more precipitate fashion than those of industrial commodities: current advances, inelastic wages, interest charges and rent bills dashed his calculations to bits and, wherever the character of production had made the peasant completely dependent on the market, his plight was without a parallel. Only one factor worked in his favour; if he could lay his hands on any money at all, food was cheap. He did not

understand the phenomena of a price dead-lock. He hoped for the best; his creditors hoped for the best. He borrowed in the hope of a return to prosperity, which even as early as 1932 was said to be round the corner.

Thus, out of all the causes that determine the welfare and woe of peasant existence, those that led to his immediate prostration are entirely beyond the ken of his understanding and quite beyond his control. His dependence on the price system which is the prime cause of his bankruptcy is as much "willed" as the existence of British Rule in India. It is a fact of his existence which he cannot alter at will, and hence to which he must adapt himself to the best of his capacity.

Since 1928-29 the prices of agricultural commodities fell by 50 per cent. or more.* Rice, cotton and wheat, some of the main crops of Maharashtra, were hit with particular severity (Table I). The Department of Commercial Intelligence of the Government of India estimated that the value of agricultural produce in the Bombay Presidency fell by 45 per cent. in 1931-32 and by 49 per cent. in 1933-34, compared with its value in 1927-28.

It may be pointed out that the fall in the income of the agriculturist is much more severe than the fall in the value of the crop. This is so because his cost of cultivation did not come down in the same proportion. "There are factors in the cost of production which do not lend themselves to such reductions". † Taxation has not only remained the same but has been most callously increased. The burden of debts and mortgages, as pointed out in our chapter on Indebtedness has doubled. Transport charges, thanks to the working of our railway policy with only imperialist urges, have not been reduced in spite of repeated requests even from such an august body as the Central Cotton Committee. Thus a very large proportion of the aggregate costs remained fixed, with the result that "as a rule the average farmer had not been able to make both ends meet and had been working at a loss, which had to be met either by drawing on capital or by borrowing or finally by lowering the whole standard of life of the farmer and his family neglecting replacement of stock etc." ‡

* C. F. Tables No. I and No. II.

† Agricultural situation 1932-33—International Institute of Agriculture, Rome.

Enough data could be adduced to prove—if proof be necessary—that the condition in India is the same, if not very much worse. The Punjab Board of Economic Enquiry, in surveying a village named Bhambu Sandila in 1935, came to the conclusion that in the year 1934–35 the village as a whole was faced with a deficit of Rs. 145. During our enquiry we hardly came across a budget of an average farmer which, if all costs of cultivation were taken into account, could leave enough even for a starving minimum. How did he live then? “By drawing on capital and by lowering the whole standard of life” as the International Institute has said, and by exporting gold. In reply to our query, how much gold was sold out by the agriculturists of the village in the last 5 years, the answer was an emphatic but sad, “all!!”. That explains how and why the total aggregate of export of gold since Great Britain left the gold standard amounts to Rs. 250 crores. That explains why the indebtedness in the Punjab rose to Rs. 270 crores from 130 crores in the last five years. Every Government, good or bad, Rooseveltian or Fascist, came to the rescue of its peasantry. They tried to maintain and raise the prices of all agricultural commodities and reduce costs of cultivation, while the Government of India profusely congratulated its Revenue Officers for collecting the full quota of Land Revenue “even in such difficult times.” It imported a Marketing Expert from England on a depression-salary of Rs. 5000 a month. Year after year, as the depression deepens, one searches in vain the pages of the International Institute Annual under the section “Government measures for Farm Relief in India” to assure oneself that something is being done. To one’s great disappointment one finds nothing beyond extracts from Central and Provincial Banking Enquiry Committees and a reference to two hoary Acts, the Land Improvement Loans Act (1883) and the Agriculturists’ Loans Act (1884)!! The Annual states “In addition to famine relief for which a *permanent organisation exists, State-provided financial assistance* has for long been available for agriculturists in the form of loans known as Takawi.” Had the compiler consulted the Banking Enquiry Committee Report, which he mentions just in a previous paragraph so eulogistically, he could have found out that this state-provided financial assistance in the form of Takawi does not amount to even 1 % of the total finance needed.

In glaring contrast to this, the list of relief measures adopted by other countries is impressive. However inadequate the results—a foregone conclusion according to us, so long as the capitalist basis is left untouched—the efforts were prompt, sincere and even expropriatory. The British Government, from which our Finance Members learn their economics, “has been neither timid nor inactive. One after another props have been raised to buttress the tottering edifice of British Agriculture at its weakest points.” (“Agricultural Marketing Acts,” Conacher.)

It would, however, be a mistake to suppose that the problems of Indian Agriculture are only depression problems. From the time of the Deccan Riots Commission (1886) to that of the Linlithgow Agricultural Commission (1928), things have changed but little. Both reports, the latter made by no less a person than the Governor General of India, make a distressing reading.

We have reported the situation as we saw it in the villages of Maharashtra to-day. It is no attempt to give yet another picture of the penury and poverty of our people, as these have already become ‘proverbial. The one fortunate aspect of this great tragedy of utter ruin and devastation of our economic life is the rare unanimity over the fact of its intensity and universality. It is no longer a grotesque imagination of an inspired or irresponsible agitator and propagandist. To-day all professional thinkers and non-professional publicmen, University Professors and Anglo-Indian journalists, reformers and co-operators, have begun to agree on one central fact of the Indian Economic Life—the *unprecedented poverty* of our people and what is more, *the utter bankruptcy of our economic organizations*. The ostrich has raised its head, perhaps involuntarily, in sheer agony of death. And what was considered to be the grotesque imagination of a few agitators has received the stamp of scientific truth.

We have re-examined the available data on the economics of agriculture, and surveyed nearly fifty typical villages in all the eleven districts of Maharashtra to ascertain how much of that data bears relation to the actual state of affairs on the spot. We have re-stated the problem with the help of the information and our direct contact, primarily to help towards the understanding of the nature of the problem. This according to us is the most urgent necessity of the hour. It is true that we are still far away from

that stage of our political emancipation at which we may start reconstruction of our economic life. The survey none the less need not be thought of as premature. For it is as necessary to be informed about the nature of the problem for formulating the character of the struggle, as for a plan of reconstruction. Constructive palliatives may be necessary to sustain the struggle, but there must be a scheme underlying such palliatives. Firstly they must be effective, secondly they must work as an organic link between the immediate and the ultimate, and thirdly they must be such as will not conflict with or hinder the scheme of future economic reconstruction.

Constructive palliatives apart, it is the urgent need of our political movement to make our programme instinct with the needs of the situation and tune our demands to the urgent grievances of our peasantry. Our demands must emerge from the griefs and anxieties of the peasantry. Knowledge of distress may evoke sympathy, but the remedies must necessarily depend on a correct diagnosis. Our relief schemes must not be mere dozes of condolence. They must seek to be effective cures. Quack remedies are useless for the purpose. Nor should such relief measures operate in the fashion of doles to the indigent or hush-money to the turbulent. Our report is in the nature of a medical report on the basis of which a prescription may be given. We ourselves have hazarded to suggest remedies. People may not agree with our remedies, but we expect at the very least, an agreement on the diagnosis.

Two courses of action are possible. One is to go on adjusting our life and living to the slackening speed till we come to a stand still; and the second is to adjust the objective conditions both natural and social to the needs of the developing individual and the society. The first is a line of lesser resistance and hence earns the repute of being practical. The down-hill journey is always the easier besides being eminently practical, because often involuntary. We should not rest content by providing mere grace to the 'going down.' The line between impracticability and difficulty is vague and thin, and we do not know how much of the present circumstances should be taken for granted or deemed sacrosanct.

More than one author, whose testimony our intellectual academicians will not hesitate to accept, has said that to-day, by far and large, agriculture has ceased to be a paying industry. Do we realise the gravity of this conclusion? Frankly, even the politicians, with their flare for painting a dark picture darker, were not prepared for this shocking reality. The worsening depression caught them napping for once, and it went beyond their fears. During the early days of our investigation, when our calculation of the budgets of a few typical peasant families disclosed that the peasant to-day, more often than not, fails even to realise the cost of cultivation from the sale of his produce, our first reaction was to revise our arithmetic. When we narrated our conclusion to some friends, their first reaction was to question our intelligence if not our honesty.

The facts, however, are true and in no way exceptional. In our subsequent investigation and study we found that the situation was fairly universal. We also found that many eminent economists of undoubted integrity have arrived at no different conclusions. What is the 'way out'? It is our firm belief that no palliatives by themselves can put our agriculture once again on its feet; because the causes of this prostration are rooted deep into the very economic system that governs our rural life. They are organic and not functional or superficial. Evidently therefore, unless the whole economic order is drastically overhauled, we cannot expect either lasting prosperity or stable solvency. The tendency to maldistribute the wealth that is produced, and to concentrate it in the hands of a tiny section of the community, which by the simple law of arithmetic can only be at the cost of the vast remaining section known as the masses, is inherent in our economic institutions. They have to-day reached a stage of internal contradiction in their evolution at which their capacity to utilise the inventions of natural science for the economic betterment of humanity—a quality that was once their pride—has altogether disappeared.

Any scheme of reconstruction which ignorantly or contemptuously connives at this central fact is either not serious about reconstructing society or is interested in not reconstructing it at all. To neglect this on the plea that it is not the immediate question that faces us will involve us into a fruitless beating about

the bush. Unless the ultimate and the fundamental are clear and unambiguous, all efforts at reconstruction are at best leaps in the dark. It may seem to some a more practical way of doing things in the sense that it does not involve much mental energy with what is contemptuously referred to as theoretical hair-splitting. If we are unable to solve the ultimate problem just to-day, our immediate efforts must at least be organically related to it.

When we say that to-day it does not pay the farmer to cultivate his land, it is obvious that his expenditure is more than his income. Agriculture can thus be made paying only by reducing his costs and increasing his income. As for the increase in income, we know that in the era of money-economy it depends primarily on prices. It is not enough to grow more and better, for abundance may result in cheapness and if the demand is inelastic, as is the case with commodities of necessity, the total income may be actually less with a bigger crop. It all depends on prices which in capitalist countries are generally unregulated and are thus beyond the control of the primary producers. Better cultivation and better marketing may to a certain extent help the growers to keep a larger part of the consumer's rupee, but they cannot secure two rupees in place of one. In other words, the scope of marketing is mostly within the context of the prevailing prices.

What about the costs? Can we reduce them? Yes, to the extent to which the items therein are not conditioned by price factors. This takes us to the analysis of costs, and to our great surprise we find that interest-charges and rent and revenue factors not directly conditioned by prices, form a very large proportion of the total cost of cultivation. Other factors such as labour charges and cost of seeds etc. are conditioned by prices and are to a large extent uncontrollable. Items that lend themselves to reduction are thus limited, and during the course of our report we have examined the possibility as well as the justice of reducing them. We have also devoted attention to the question of co-operative cultivation as a method of reducing costs.

It is indeed unfortunate that certain aspects of our economic life can only be expressed in superlatives. Yet where we have been driven by the logic of facts to do so, we have faced the realities without apology.

We began our study with some definite impressions collected from books and statistics, sources academic and official, regarding the poverty of our peasant masses. Our closer contact has, far from modifying our fears, deepened our revolutionary convictions that there is no tinkering, no piece-meal reform, possible. We must overhaul the entire national economy and construct it on a sounder foundation. There is no other way out. Contact with the peasant masses is good in its way and very necessary. But something much more is needed. We must carry the torch of understanding that searches facts only to unearth their basic causation. We submit, our humble effort has helped us tremendously not only to understand the facts in their proper setting but also to appraise their revolutionary significance. It is this that we will try to set down in the succeeding chapters. We have avoided exaggeration of facts, so that if there is any room for disagreement it may be only in the matter of our understanding of the significance of these facts but not about the facts themselves.

TABLE I.

Index-Number of wholesale prices.

July 1914 = 100.

	Sept. 1929	Lowest	May 1935
Rice	124	56	73
Wheat	135	66	74
Cotton	146	68	78

TABLE II.

Value of Principal Crops (in Lakhs of Rupees).

Province	1928-29	1933-34	P. C. Decem.
Bombay	1,20,52	60,52	49.8
Bihar-Orissa	1,37,86	55,34	59.9
Whole India	10,21,20	473,94	53.6

CHAPTER II.

Geography, Crops and Population.

Maharashtra as its name signifies is that large expanse of territory comprising the Central Division of the Bombay Presidency and the districts of Kolaba, Ratnagiri and Thana. "Overlooking the fertile low lands of the north, which are watered by the Indus and the Ganges, there lies a triangular high land mass to the south of the Vindhya known as the Deccan Plateau. It is bounded on the North by the Satpuras and their continuations, the Mahadev and Maikal ranges. The western and the eastern Ghats start from the two ends of this northern boundary and run southward with gradual ascent to reach their climax in the Nilgiris where they meet each other. The major portion of this high land is comprised of the provinces of Maharashtra and Karnatak".

The jurisdiction of the M. P. C. C. is spread over the following eleven districts: Thana, Kolaba, Ratnagiri and the Bombay Suburban District, on the west; Poona, Ahmednagar, Satara, and Sholapur in the centre; and Nasik, East and West Khandesh to the North. Table I gives the total assessed area, the amount of land revenue, and its per capita incidence for all the eleven Districts. Table II gives the area under the main crops in every district. Thus while rice is the main crop of the three Districts of Thana, Kolaba and Ratnagiri, Jowar is by far the biggest crop of Ahmednagar, Poona and Sholapur. In the Districts of East and West Khandesh, cotton is the main crop, while in Nasik, Bajri stands first and cotton comes second. Cultivation of oil seeds, especially groundnuts, is becoming popular in the two Khandesh, Sholapur and Nasik, while Satara, Ahmednagar and Poona are the chief sugarcane growing districts.

Conditions in all the Districts, though uniform in their abnormal poverty, are far from identical. The two Districts of Konkan, where productivity is low and tenure grossly iniquitous to the primary cultivator, have sunk deeper in penury and want. The precipitous fall in the prices of raw cotton has severely hit the comparatively richer districts of Khandesh and Nasik.

1. Y. S. Pandit, "Economic condition of Maharashtra and Karnatak."

As pointed out elsewhere, 60 per cent. of our so-called peasantry is land-less and is classed as agricultural proletariat. In the Central Division, which is considered preponderantly a Ryotwari tract, the occupational classification as given in the 1931 census reveals the following facts: out of the total 19,87,503 persons following cultivation as their main or subsidiary occupation, no less than 16,11,632 are classed as agricultural labourers. We must bear these facts in mind while formulating our agrarian programme. The simple slogan of 50 per cent. reduction in Land Revenue will not do, for it affects not more than 20 per cent. of those whom we call peasants. For the large number of peasant masses reduction in the burden of rent and interest are the major vital issues.

To revert to the main problem of bankruptcy of agriculture to-day, we find that there is more than one fundamental malady eating away at the vitals of our agrarian economy.

The Royal Commission on Agriculture under the chairmanship of no less a personage than the present Viceroy have drawn pointed attention to most of the following evils:

- (1) Primitive methods of cultivation.
- (2) Paucity of manure.
- (3) Want of credit facilities.
- (4) Chaotic marketing, absence of grading, warehousing, etc.
- (5) Subdivision and fragmentation of holdings.

Each one of these causes is so inter-related that it appears impossible to remove one without removing all of them together. For example, to talk of using better mechanical contrivances for cultivation when the unit of cultivation is so small appears very impracticable. Yet, unless the technique of agriculture is improved, the yield of our fields will remain low and cost of cultivation high, reducing our capacity to compete with foreign produce both in the home and foreign markets. The abnormally low yield of our produce is notorious.

How can the Indian peasant hope to become prosperous with this inefficiency which no doubt is largely due to objective causes ?

The cultivator in Maharashtra is the poorest of the poor. He has no wherewithal either to use better agricultural implements or rich manure. In this connection the efforts of some of our village-workers in popularising and demonstrating the usefulness of manure-pits are praiseworthy.

Another cause of high cost of cultivation is the ridiculously small unit of cultivation. Small holdings and fragmentation are much more the result of poverty and pressure on land than their cause. They are the outcome of our laws of inheritance working in the period of declining prosperity. Between 1886 and 1920, in the Central Division of the Bombay Presidency, the number of holdings below 5 acres increased from 61,319 to 358,754, and the average size of holdings fell from 31.2 to 17.8 acres. The effect of small holdings on cost and its other incidental disadvantages are too obvious to need any elaboration. Efforts at consolidating holdings have been made in the Punjab and quite successfully. In other parts, the transference of ownership and its concentration in the hands of a commercial class is also leading to a sort of consolidation. But this concentration of ownership has not helped to increase the productivity per acre, as the unit of cultivation still remains fragmented.

The one practical way of avoiding the harm of small holdings without any drastic change in the property-rights etc., is to encourage co-operative cultivation. Village-workers should persuade two or more families whose lands are adjoining to each other to cultivate in co-operation the whole plot together. This will lessen the cost of cultivation and marketing to some extent, and would enable them to introduce improvements which each of them singly would have been unable to introduce. They may share the harvest rateably according to the area of their respective lands. Such experiments on a small scale to start with, will inculcate in our farmers a spirit of co-operation that will greatly smoothen the work of national planning whenever we are in a position to undertake it.

CHAPTER II—TABLE I

District	Tenure	Fully assessed area	Assessed area	Total Land Revenue	Population	Incidence per acre of L. R. on fully assessed area		
Ahmednagar	...	R	2570	2280	2208	988206	0-12-1	0-13-7
Bombay Sub.	...	R	15	13	254	180	4-15-2	6-0-2
	...	Z	5	5			2-7-9	2-7-9
Khandesh E.	...	R	1809	1696	3701	1206035	1-14-0	2-0-0
Kolaba	...	R	426	242	1705	628721	3-0-3	5-5-1
	...	Z	297	101			1-2-3	3-5-8
Nasik	...	R	2081	1775	1983	1000048	0-13-7	1-0-0
Poona	...	R	1902	1511	1721	116998	0-11-10	0-14-11
Ratnagiri	...	R	407	184	980	1302527	0-14-3	1-15-5
	...	Z	1188				7-7-0	
Satara	...	R	1426	1280	2495	1179712	1-6-11	1-9-7
Sholapur	...	R	2143	1874	1419	877520	0-9-2	0-10-6
Thana	...	R	859	525	1681	836625	1-11-6	2-13-1
Khandesh W.	...	R	1427	1307	2269	736833	1-7-1	1-9-2

Note : R—Rayatwari.

Z—Zamindari.

CHAPTER II—TABLE II.
Acreage under different crops.

District.	Total food grains.		Total Oil seeds.	Sugar.	Cotton.
Ahmednagar ...	2,362,350	(J. 1,122,248) (B. 633,488)	81,656	11,005	142,454
Bombay Sub. ...	14,799	(R. 14,715)	746		
Khandesh East ...	910,822	(J. 347,790) (B. 251,619)	351,725 (337,550 G. N.)		637,660
Kolaba ...	357,931	(R. 277,171)	4,603		
Nasik ...	1,835,083	(B. 829,367) (W. 271,703)	114,603 (32,735 G. N.)	6,538	65,849
Poona ...	1,903,184	(J. 1,046,862) (B. 451,239)	53,988	10,036	13,636
Ratnagiri ...	648,889	(R. 298,086) (Raji 193,766)	31,393		
Satara ...	1,422,790	(J. 602,206) (B. 321,300)	172,931	183,782	10,713
Sholapur ...	1,761,123	(J. 1,462,966)	117,269 96,076		32,022
Thana ...	421,817	(R. 327,870)	7,430		
Khandesh West ...	908,821	(B. 281,678) (J. 166,251) (W. 153—)	157,830		412,387

Note:— J.—Jowar.

B.—Bajri.

R.—Rice.

G. N.—Ground-nut.

CHAPTER III.

Cost of Cultivation and Family Budgets.

Attempt was made by us to ascertain the cost of cultivation of different crops. But the conditions and the manner under which crops are cultivated in the different parts of the province vary to such an extent that no *one* figure can be given as representative of the province. But in every district we met peasant families who gave us figures of their income and expenditure including the cost of cultivation with a fair degree of accuracy. We also met a few farmers who had kept regular accounts of their income and expenditure. We give below a few typical instances about whose accuracy we have some confidence.*

We also give the cost of cultivation and income per acre of a few principal irrigated crops.* The figures are from the village of Masur in the District of Satara, and are supplied to us by a trusted village-worker. It may be noted that important items like the land revenue and depreciation of live-stock are not taken into account in the cost. To that extent the cultivator's income will be less.

As can be seen from the figures in the tables, the costs and incomes vary in different areas; yet the central fact, viz. the vulnerability of our agricultural situation to-day, comes out patently from their perusal. The cost comprises 60 to 100 per cent of the gross value of crops and in some cases outruns the income leaving the farmer with a deficit. It may be noted that the family expenditure of the cultivator is not included in the cost.

We do not claim for these figures a thorough scientific exactitude. Yet they are, we think, fairly representative for the districts for which they are given. Sometime back, the Imperial Council of Agricultural Research was reported to be collecting data for ascertaining costs of cultivation. The results of their inquiry are not yet available as far as we know. We are confident that even the official figures, if at all published, will not reveal a situation materially different from what we are led to believe from the figures given by us.

* Vide Tables, II, III and IV, on pp. 22 to 23.

As for the family expenditure, we found a rare unanimity, over its quantum. This may be due to the submission to the barest minimum by all our witnesses. The figures given to us for the maintenance of a family of five are unbelievably low. They vary from Rs. 230 to Rs. 300 per year, divided as follows :—

Rs. 150 to 175	... for food.
Rs. 50 to 75	... for clothes.
Rs. 30 to 50	... for every thing else including luxuries.

Rs. 230 to 300	

It is no wonder that India's population is classed C3—the lowest type—when the hard-working peasant does not spend more than an anna or two on his daily food. But as the farm-accounts show there are not many cultivators to-day who can eke out even this starvation-subsistence from their ancient and honourable occupation of tilling the mother earth. How do they live then? They live on their capital—including that of their own physical strength.

TABLE I

Yield per acre : Comparative Productivity (J. D. Anderson, I. C. S., p. 10).

		Rice	Wheat
		lbs.	lbs.
Italy	...	4,601	1,241
Japan	...	2,767	1,508
Egypt	...	2,356	1,688
U. S. A.	...	2,112	1,730
India	...	1,357	652

CHAPTER III—TABLE II

Cost of cultivation of various crops.

A. Masur—Dist. Satara—Millets : one acre land.

INCOME		EXPENDITURE	
Rs.	as. ps.	Rs.	as. ps.
38	0 0	5	0 0
15	0 0	5	0 0
		0	10 0
		1	10 0
		1	0 0
		1	0 0
		10	0 0
		12	0 0
		2	0 0
		8	0 0
		46	4 0
Rs. 6-12-0	Net income		

B. Masur—Dist. Satara—Ground-nut : one acre.

INCOME		EXPENDITURE	
Rs.	as. ps.	Rs.	as. ps.
66	0 0	5	0 0
		3	12 0
2	0 0	4	0 0
2	0 0	0	8 0
		0	12 0
		1	0 0
		10	0 0
		8	0 0
		5	0 0
		38	0 0
Rs. 32-0-0	Net Income		

C. Masur - Dist. Satara—Land : one acre — 400 Sprouts of Turmeric (हळद)

INCOME		EXPENDITURE	
Rs.	as. ps.	Rs.	as. ps.
35	0 0	20	0 0
		1	0 0
3	0 0	40	0 0
180	0 0	11	4 0
		100	0 0
		9	0 0
		60	0 0
		15	0 0
		8	0 0
		4	0 0
		268	4 0
Rs. 49-12-0	Net Income		

F. Land—30 Bighas (1 acre = 1¼ Bighas)

INCOME			EXPENDITURE		
Rs.	as.	ps.	Rs.	as.	ps.
80	0	0	40	0	0
100	0	0	60	0	0
			120	0	0
45	0	0			
10	0	0			
4	0	0	60	0	0
2	0	0	60	0	0
7	8	0	30	0	0
88	0	0	10	0	0
4	0	0			
<hr/>					
340	8	0	3	2	0
			5	0	0
			16	0	0
			14	0	0
			5	0	0
			2	4	0
			10	8	0
			12	0	0
			2	8	0
			2	8	0
			10	8	0
			1	0	0
			7	0	0
			1	0	0
			5	0	0
			<hr/>		
			477	6	0

Rs. 136-14-0 Net Loss

G. *Legwadi—Nasik*: 40 acres. 45 Bighas—Bajra; 20 Bighas—Wheat; 1 Bigha—Chilly; 2¼ Bighas—Ground-nut.

INCOME			EXPENDITURE		
Rs.	as.	ps.	Rs.	as.	ps.
150	0	0	12	0	0
60	0	0	10	0	0
10	0	0	10	0	0
15	5	0	20	0	0
30	0	0	10	0	0
<hr/>			10	0	0
265	5	0	75	0	0
			40	0	0
			20	0	0
			5	0	0
			7	0	0
			5	0	0
			12	0	0
			10	0	0
			<hr/>		
			256	0	0
Rs. 9-5-0 Net Income					

H. *Vavad—West Khandesh*--Land 24 Bighas.

INCOME			EXPENDITURE		
Rs.	as.	ps.	Rs.	as.	ps.
300	0	0	18	0	0
			100	0	0
			24	0	0
			10	0	0
			8	0	0
			12	0	0
			35	0	0
			18	0	0
			15	0	0
			<hr/>		
			240	0	0
Rs. 60 Net Income					

I. *Selu—Nasik.* Land 15 acres:—2 acres wet-farming, 13 acres dry-farming.

INCOME			EXPENDITURE		
Rs.	as.	ps.	Rs.	as.	ps.
240	0	0	210	0	0
25	0	0	10	0	0
66	0	0	3	0	0
50	0	0	3	0	0
12	0	0	6	0	0
25	0	0	10	0	0
<hr/>			50	0	0
418	0	0	12	0	0
			12	0	0
			16	0	0
			25	0	0
			30	0	0
			50	0	0
			<hr/>		
			437	8	0

Rs. 19-8-0 Net Loss

J. *Bildi—East Khandesh.*

INCOME			EXPENDITURE		
Rs.	as.	ps.	Rs.	as.	ps.
270	0	0	65	0	0
192	0	0	125	0	0
100	0	0	75	0	0
9	0	0	20	0	0
26	0	0	13	8	0
1	8	0	3	0	0
15	0	0	4	0	0
75	0	0	2	0	0
<hr/>			2	0	0
688	8	0	1	8	0
			24	0	0
			16	0	0
			20	0	0
			60	0	0
			10	0	0
			10	0	0
			<hr/>		
			451	0	0

Rs. 237-8-0 Net Income

CHAPTER IV.

Land Revenue in Maharashtra.

A tax on land is one of the most ancient forms of revenue availed of by the State. In the ancient and the mediaeval times, when the economic life of communities had not become as diversified as it is to-day, it was naturally the most important item of revenue. Every Government in history has claimed a right to a share of the produce though the actual amount has varied very widely from period to period, according to the degree of stability enjoyed by the Government. In Hindu India it was customary to levy $\frac{1}{4}$ th of the gross produce as the share of the king. In the pre-machine economy, agriculture was the centre of the picture of productive activity. And it is therefore little wonder that consolidation of the State-power meant regulation of the system of collecting the land-tax. Mahomedan India was not slow to realise the importance of land-tax, and when the land revenue administration was reviewed and regulated, effort was not spared to understand the problem both from the historical as well as the purely administrative point of view. But during the last two hundred years, there has been a phenomenal transformation in the process of production and a corresponding change in the accepted conceptions regarding the role of the State in relation to the civic life of the community. Public administration has grown in its extent and diversity, and with it has grown the science of Public Finance of which a tax-system is an integral part. Land revenue problems to be understood correctly must be studied in relation to the entire back-ground of National and Provincial finance. It will not be possible for us to dilate on the back-ground in the course of the present survey, but it will not do to isolate our subject out of its proper perspective.

The ten districts of Maharashtra were almost entirely annexed by the British from the Kingdom of the Peshwas. Thus whatever system came to be evolved during the 19th century was not a little influenced by the usages current in the domain of the Peshwas. The system under the Maratha power was built on the model of Malik Amber who has done for South Indian Land Revenue system the same kind of service as Todar Mal had done for the Empire of the Moguls. The Malik Amber revenue settlement was usually

CHAPTER III—TABLE III.

Statement showing Cost of cultivation and Income per acre of jirayat land in Nagar District.

Serial No.	Name of the crop	Expenses of cultivation, land cess, etc.											Rent for the land for other than the owners	Gross income					Net Income	
		*Ploughing	Harrowing	Sowing	Hoeing	Harvesting	Threshing	Seed	Land cess	Special treatment	Deducting for operation not necessary for the crop	Total of columns		Average income in pullas	Average value of the main crop	Average value of the fodder	Average value of the side crop	Total gross income	For owners of the land	For persons taking the land on lease
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
1	Cotton ...	3·0·0	1·4·0	2·8·0	1·2·0	1·8·0	1·8·0	1·0·0	1-4-0	4 0·0	...	17-2	6·0·0	1to2	28	...	1	28	10-14	4'14
2	Wheat ...	3·0·0	1·4·0	2·8·0	1·2·0	1·8·0	1·8·0	2·0·0	1-4-0	...	...	14-2	5·0·0	2	22	...	...	22	7-14	1'14
3	Jawar ...	3·0·0	1·4·0	2·8·0	1·2·0	1·8·0	1·8·0	0·6·0	1·0·0	...	...	12-4	5·0·0	1½	14	5	3	22	9'12	4'12
4	Bajari ...	3·0·0	1·4·0	2·8·0	1·2·0	1·8·0	1·8·0	0·8·0	1·0·0	...	...	12-6	5·0·0	1½	12	7	...	19	6'10	1'10
5	†Grain ...	3·0·0	1·4·0	2·8·0	1·2·0	1·8·0	1·8·0	2·0·0	1·0·0	...	5 0·0	8'14	5·0·0	1½	13	...	2	15	6--2	1'2'
6	Total ...											64-12	27-0-0	7½	89	12	5	106	41--4	14'4
7	Average ...											12-15	5·6·0	1½	18	2·6	1	21·3	8-4	2'13

* In this District ploughing is done once in three years. Good ploughing would cost about Rs. 9/-; so for one year the cost of ploughing would be Re 3/-

§ Excepting wheat and grain, the general custom is to sow on the border and in the middle crops like Tur, Kardi, Maka, Math, Hulga etc. The cost of that seed is also included in this.

†Grain is second crop and it does not require any ploughing. The land already ploughed for other crops is used and hence the cultivation expenses are low.

CHAPTER III TABLE IV.
Representative Family Budgets.

Family.	INCOME Rs.				EXPENDITURE Rs.					Balance of Income over expenditure. Rs.	Indebtedness. Rs.
	From Agriculture.	From Subsidiary industries.	From other sources.	Total income.	On corn.	On clothing.	On Fire wood.	On Religious ceremonies and marriages etc.	Total expenditure.		
A.	30	150	...	180	100	100	25	25	250	- 70	800
B.	165	25	25	215	160	75	...	5	240	- 25	...
C.	225	...	...	225	160	75	...	15	250	- 25	400
D.	60	30	...	90	60	50	...	10	120	- 30	300
E.	250	...	...	250	105	100	...	...	205	+ 45	400
F.	80	...	...	80	50	25	...	15	90	- 10	300
G.	130	...	...	130	150	75	...	25	250	- 120	1100
H.	56	250	100 (From son)	406	100	100	...	15	215	+ 191	...
I.	60	50	100 (From son)	210	80	50	...	10	140	+ 70	400
J.	50	100	...	250	60	30	...	10	100	+ 150	50

known as the *Tankha* system. It was based on the relative productivity of the soil as well as the estimate of the average money-value of the crop. According to some authorities this money-demand was somewhere between $\frac{1}{4}$ th and $\frac{1}{3}$ rd of the gross produce. The Maratha system was popularly known as the *Kamal* system. The demand is estimated at about $\frac{1}{3}$ rd in the case of *Jirait* and $\frac{1}{4}$ th in the case of *Patasthal* land, and about $\frac{1}{12}$ th to $\frac{1}{8}$ th in the case of garden land. An impression has deliberately been fostered that the pre-British taxation on land was considerably heavier and the people who paid were definitely less well-off than to-day. This suggestion has crept viciously through school-rooms in to the mind of our intelligentsia. It would be interesting to test the validity of this conclusion; but that would take us far out of our field which requires that we study the past only to understand the present. As far as the present survey goes, we will drop the matter with one or two extracts from the writings of some early British Officers, who were responsible for consolidating the new administration with characteristic thoroughness. It must however be borne in mind that the 30 years immediately before the advent of British administration were a period of chaos and mis-rule which alone made the conquest of the Maratha Empire possible. But even then what had happened was that a stable system was falling into disuse in the irresponsible hands of the Peshwa Bajirao II. As for the normal system current in the Maratha territory and its administration, the following two opinions may give us an idea of its efficiency. [However, it must be remembered when we consider the condition of the cultivation in the pre-British period that the whole national economy under the Maratha rule bore the feudal stamp; i. e., the decentralised and self-sufficient economic activity had not been broken up. Production, especially agricultural, was primarily for consumption and not for market. Money-economy was not a vital part of the agricultural industry. And in the second place the pressure of population on land was considerably lower than what it is during the last 50 years. Another feature of pre-British finance was the comparative absence of indirect taxation.]

“ Till the beginning of the British rule the Peshwa Madhaurao (1761-72) was remembered with affection for his moderation, and Sakharam Bapu and Nana Phadnawis with respect for their masterly knowledge tempered with justice and kindness ” (Poona Gazetteer).

The following observation by one of the early band of officers, who tried to develop a new system after understanding the old usages, also merits attention. "In examining the old village-accounts of the best periods of the Maratha Government (those of the great Madhaorao and Nana Phadnawis) it is a striking fact that although the assessment is often much higher than under us or in the later years of Bajirao's reign, yet the cultivation appears to have been more widely extended, balances to have been more easily realised, wells to have been oftener dug.....and in short there are all the indications of much higher state of agricultural prosperity than have been known in recent times." (Report of 6th September 1828; para 119).

In the period of degeneration during the reign of Peshwa Bajirao II, the hateful system of land-farming made its appearance. But far from constituting any new system of revenue-collection it is merely the token of the absence of any order in the affairs of the State. All the same it is necessary to state that the land system of the Marathas does not recognise any proprietary right of the State over the soil. This vexed question of the nature of the revenue-demand has caused not a little controversy among generations of civilian pundits and Indian public men. *As far, at any rate, as these ten districts are concerned, there is conclusive evidence to prove that the Peshwa never claimed any proprietary right over the soil.* In case it was found necessary to acquire any lands, they were bought in the usual way and the ownership acquired by the usual type of sale-deeds. When there was a lapse in the line of mirasee holders, the land went to the village which offered it to another on condition to surrender it at any later date to the original title-holder or his heirs, successors or nominees. Hereafter this will be taken as finally settled that the British Government has no Land-lord rights over the soil as the Peshwas whom they succeeded never claimed any such rights. The nature of the Land Revenue at least as far as the ten districts of Maharashtra are concerned is that of a tax pure and simple. As the Zamindari system which is the chief feature of U. P., Behar and Bengal, was conspicuous by its absence in the major portion of these ten districts and as they have been treated as Ryotwari tracts, the land revenue demand in actual practice, as inherited from the Peshwa times, had no direct relation to the rental value of the land.

The Maratha kingdom was formally annexed in 1818. But the consolidation of power was the work of few years. The British system of land revenue administration may be said to date roughly from about 1838. Though the system was admittedly Ryotwari, the difficulties of fixing the individual demand, absence of any survey of lands, impossibility of determining the relative productivity of the soil, led to a system where the land revenue demand for each village was determined on the basis of the *Tankha* and *Kamal* assessment in vogue. It was in this fashion that Briggs in the Khandesh and Chaplin in the Deccan carried out their first settlement. The distribution of the revenue-demand is a task which it was felt could more safely be left to the village Patels than to 'any of the camavidars'; therefore the common practice was for the collector to tour the district with the Mamlatdar and to call the land-holders of each village in turn to collect the records regarding *Kamal* or *Tankha* assessment and to fix a lump sum as the Government's total demand from the village according to his own judgment as to what amount the village would be able to bear. But in the absence of any records of measurement and relative productivity, the collector had to rely on the *actual* collections of former years which he adopted as the basis, making such modifications as he felt necessary to do. The first efforts in the direction were so discouraging that they were given up as unsuccessful. We have Elphinston's testimony to the fact that his first assessment was 'higher than the people could afford to pay' (Rulers of India series p. 137). Falling prices made remissions necessary and the whole matter of revenue survey and settlement was taken in hand. The object of such a survey was obvious. It was necessary to (a) obtain a complete record of the quality and quantity of all the lands in every village, of the tenures and rights of occupants and owners and also of the Government, (b) to fix the boundaries and settle the disputes on that score, (c) to fix the assessment between the government and the ryot with a view to "render what is vague and fluctuating definite and permanent."

The system of survey and settlement was first evolved by Wingate Goldsmith and Devidson; it was then extended to other districts. In 1848 the Government called a conference of all the officers to whom the work of preparing this survey was entrusted. The result of their effort is the Joint Report. "Besides defining the objects of the revenue survey and the principles on which the assessment of land revenue should in their opinion be conducted, they submitted a body of rules for definition and demarcation of the fields, the settlement of boundary disputes, the classification of soils, the interior regulation of surveys and the administration of settlements, which having received the approval of government became an authoritative manual for the conduct of our future survey operations." But curiously enough the principle of assessment was nowhere clearly defined. Judging the system as a whole, the principle seems to be to assess land according to its *value* without excluding from it that portion which can be ascribed to private improvements by the investment of labour and capital. As Fraser Tytler pointed out in the case of rice lands, the principle ignores all the capital expenditure for bunds etc. Homogeneous units of similar texture were treated as compact blocks for the purposes of survey, each constituting one survey number. The lands were classified according to the texture of the soil, the depth of the soil, etc. There was another factor in the classification, namely, the nature of the irrigation facilities. Thus there were dry lands, and lands irrigated by either wells or canals. In assessing lands their relative distances from the marketing facilities were supposed to affect their rental value. Thus all the above factors were taken into account and nine categories of land were made. The first class was assessed at 16 annas, and the lower descending strata were assessed proportionately lower till the last or the ninth class was considered to be 1½ annas. In surveying Patasthal (wet) lands, over and above the value of the soil, the supply of water in the wells, the depth of the well, the quality of the water, the sufficiency or otherwise of extra land, etc. were taken into account. But, in spite of all the investigation, the Joint Report had not been able to lay down some precise standard for the assessment of land. Their method therefore remained essentially empirical. The comment of the Government of Bombay is quite interesting: "The rates of these classes are said to have been derived from the local enquiry and the experience of the qualified persons *without any*

minute investigation into the actual produce or expenditure. The applicability of such rates must entirely depend on the degree in which the framers of these were qualified for the difficult task of preparing them. There is no test to which they can be subjected except that of experiment for a series of years " (Dec. 1828).

It is the tragedy of the system that opportunist policies have prevailed over wiser counsels. The realisation of the situation may be briefly described in the words of an official of that Report : " We cannot err on the side of lowness of assessment as regards the ryot, and total exemption would be the farthest point to which we should go, had we solely their interests to look to. In framing the assessment, therefore, in which the well-being of the ryot is what we have in view, the question becomes—what is the utmost the Government can let *them* have ?, and not, what is the utmost *they* can let the government have ? Hitherto the latter question has unfortunately been often considered," (Fraser Tytler, Report, 19th April 1841 ; S. R. B. G. CLXVIII, new series).

The first survey and settlement was found to be defective both in settlement and valuation. Hence a revision and a fresh settlement had to be undertaken. The task of a settlement-officer at revision was in its essence exactly the same as that of his predecessor at the original settlement. (Survey and Settlement Manual Vol.1 page 191). This too was faced in the same empirical and arbitrary fashion. Not only that, but on account of a temporary high level of food prices, the actual increase in assesment was anywhere between 32 per cent and 77 per cent ! The whole basis of assessment was obviously unsatisfactory and created much controversy. That did not, however, upset the settlement in any measure. During the course of the settlement, fixed limits of enhancement were determined ; but by themselves these could bring little relief. The whole perverted mentality of the bureaucracy can be understood clearly in the following extract from the correspondence of the Government of Bombay :

"The increase cannot be postponed without admitting that the weight of the land revenue demand is one cause of the poverty and indebtedness which prevails among a portion of the cultivating classes, and is heavier than the profits derived from the soil can bear. But this is not a fact ; and an abatement of the demand on

the ground that the tenant is poor amounts to the granting of a donation to the money-lender who already absorbs a very large share of that portion of the produce of the land which the government assessment leaves to the cultivator" (Bombay R. & S. S. p. LXXXIII. 5th February 1880). An interesting point to note is the fact that the first settlements were undertaken with a view to 'rationalise' the system of revenue collection in vogue at the time ; but the effort was guided under the pressure of the system in existence before. There is a lamentable lack of clarity in laying down either the basis or the pitch of assessment. Subsequent revision surveys and settlements were obviously directed to tinker with the then existing system to make its working smoother and more profitable. Thus the basic confusion remained unchanged.

The same vicious persistence that has characterised the development of the revenue settlements is equally clearly observable in the matter of granting suspensions and remissions of revenue in case of lean harvests or extraordinarily low level of food-crop prices. It was only after three commissions of enquiry had pressed upon the Government the need of laying down the rules for suspension that the matter was taken in hand. The Deccan Riots Commission frankly admitted that the rigid revenue system is one of the main causes of indebtedness (Paras 65 and 125). But their proposal for making the system more elastic was turned down. The Famine Commission Report of 1898 complained that even in the distressed areas there was great niggardliness in the granting of revenue suspensions. In 1901 the Famine Commission again repeated the charge of rigidity. They gave their considered opinion that " unless provision for suspension and remission of revenue be an integral part of the revenue system in any province, the cultivator will be forced to borrow on conditions incompatible with his solvency and independence." It was as a result of all these criticisms that the Government of Bombay initiated the system of the anna-valuation of crops (G. R. 650 of 1907).

This system of anna-valuation, of which we will have to say something later, laid down that in case the crop-valuation was less than 4 annas, suspension of revenue should be granted. In case of 6 annas to 8 annas valuation, $\frac{1}{2}$ of the revenue should be suspended. In the case of the recovery of suspended revenue, a 12 anna crop should be taken as 16 annas. Crop up to 6 annas and over should

be deemed fit for $\frac{1}{2}$ recovery, and less than 4 annas should be granted another year's suspension. Only in the case of three successive bad years can the cultivator hope to get a remission of the uncollected arrears. Thus we come to the present system which has a back-ground which is necessary to be kept in mind in pursuing our analysis.

In March 1924 the Bombay Legislative Council passed a resolution recommending a Committee to go into the question relating to the land revenue policy of the Government. The Committee submitted its Report in 1926. The first important point for consideration was the *basis* of assessment. Anderson pressed for "rental value" as the basis and was backed up by the official section of the Committee. But the majority of the Committee agreed to maintain the phrase "profits of agriculture", though a good many of the members wanted a more precise formulation, namely, "net profits of cultivation." In revising assessment, six factors were recommended by the Committee to be taken into account by the settlement officers: 1 Communications, 2 Markets, 3 *Prices*, 4 Economic conditions, 5 Results of crop experiments, and 6 Rental value. The majority also recommended that the assessment should not exceed 25% of the profits of cultivation. The officials however wanted the pitch to be 50% of the rental value.

But one of the most important recommendations of the majority of the Committee was regarding the setting up of a standing advisory committee of the Legislative Council to examine all the revision settlement proposals. The officials opposed this proposal. The Government rejected the proposal, thus maintaining in tact the empirical character of revenue assessment.

We venture to suggest what appears to us a plausible motive for keeping the basis of assessment deliberately indefinite. Once it is admitted that the state can claim nothing but a tax on the produce of the soil, there is the necessity of subjecting the system to the same rigid tests by which a tax in any country is judged in the light of unimpeachable principles of taxation approved all over the civilised world. There is also the logical necessity of juxtaposing this tax in relation to other taxes on annual income. The Government knows that, judged as a tax pure and simple, it has the worst possible case to defend. This seems

to be the motive behind all the attempted camouflage, which side-tracks a critical analysis of the present system by introducing such profitless issues as to whether land revenue is a tax or is *also* something like a rent on the net profit. (But since the depression and the phenomenal fall in the prices of agricultural commodities, the bottom is knocked out of all the sophistries preferred by the Government for all these years to evade the major issues involved. We would like to reason out the matter in this fashion: in case the state claims any share of the economic rent, it will have first to produce such statistics of the cost of production as will indicate the exact amount of *surplus* after deducting all the expenses of production and depreciation etc. Thus it will have to prove that there *is* a surplus and then it must take what share of surplus is due to it. Any such enquiry will clearly go entirely against the Government demands.) However, as we have stated earlier, we have no choice but to judge the revenue as a tax on land pure and simple. The basis of assessment, though nowhere clearly stated, seems to be the productivity judged on the relative rental value. The Bombay revenue demand is based on the assumption of a 50 per cent. of the rental value of the land. But it is interesting to note that, with all the vaunted efficiency of the Civil Service, there is nowhere to be found a clear statement of the basis of assessment as well as the pitch of the assessment. Even as between the different talukas of a district or some times the different groups within the same taluka, there are serious discrepancies in the incidence of land revenue. The extent of this is made clear in appendix V of the Land Revenue Committee's Report. The percentage of rent taken by the new maximum rates levied in some recently assessed talukas given in this table varies from 8% to 54%. In the Taloda taluka in W. Khandesh, while in one group only 15% is taken, in another it is 41%. These variations condemn our system of land taxation as highly unjust. This is a very serious matter in view of the fact that the assessment is not liable to be challenged in a court of law. A burden once levied at the revision settlement cannot be lightened for thirty years to come, and the only way in which the cultivator can escape or lessen the burden is by relinquishing his land. Agricultural incomes are obviously less certain than industrial incomes. The cultivator has, practically speaking, no margin of saving. And yet we accept and apply this curious average-

theory to land revenue. Even in the case of income-tax, efforts are made to confine the tax as nearly as possible to the actual year in which the profits are made. The Income Tax-Commission in England recommended strongly that the three years' average basis which was current there should be given up and income-tax assessed on the profits of the preceding years. For land revenue, the Government accepts a thirty years' average and rigidly enforces it. It is fixed by the executive and collected by the same agency over which a court of law has no jurisdiction. This uncontrolled power of the executive to impose taxation which is regulated by rules made by themselves is one of the greatest drawbacks of the present system. Section 107 of the Bombay Land Revenue Code is supposed to determine the basis of revenue demand. But as Broomfield and Maxwell, JJ., have pointed out, 'the most remarkable thing about this provision is its vagueness.' The system, therefore, is described as empirical. The chief weakness of the rental value basis is that it is first necessary to determine whether there is any surplus, and then to measure it. How to measure it? This difficulty has been stressed in the memorandum submitted to the Taxation Inquiry Committee by Professor Myles of the Punjab. Under the present system, that to which the rate of taxation applies (basis), as well as that with reference to which the rate is fixed (pitch), are both undefined.

After disposing of the more fundamental question relating to the nature of Land Revenue as a tax, we must proceed to observe the method of Land Revenue collection in the province. Regarding this the first point to be taken into consideration is the determination of the annual demand, and also the rules regarding suspension and remission of revenue. Here again the chief difficulty is that the framing of rules for the guidance of revenue officers and the execution of the same are both left to the executive, and the taxpayer has nowhere to turn except to the revenue officers themselves. The anna-valuation of crops, and the rules made for the same, leave much to be desired in ensuring the *elasticity* of the annual demand in relation to the nature of the season and the prices of agricultural produce. A glaring defect of the present system is the fact that the revenue is demanded in cash, and the rules under which revenue remissions or suspension are given do not provide any means to the tax-payer

who is suffering from adverse prices. During the last five years there has been a catastrophic fall in the prices of agricultural commodities; but nothing in the system could compel the revenue officers to mitigate their demands in response to the decline of prices. Apart from this serious omission, the granting of suspensions depends entirely upon the direction of the revenue officers. Several cases have been brought to our attention where the Government admit partial failure of crops, but in estimating the actual loss it acts more in the fashion of a Shylock anxious to make his recoveries by hook or crook. The attitude of the Government regarding suspension and remission has found expression in the debates of the Bombay Legislative Council from time to time. "Suspensions are granted as a matter of right." (Bom. Leg. Council Debates VOL. XI p. 1575). After all, the state and the tax-payer do not stand in the relation of a plutocrat and a mendicant. He has rights and these must be precisely defined. There must be an opportunity for the tax-payer to invoke the judiciary in every case of alleged injustice. The absence of such an avenue inevitably leads to sullen and deep discontent; in the face of such a situation, there is no possibility of good-will.

But the worst feature of the system is certainly the extremely wide powers of the executive to deal with recalcitrant tax-payers irrespective of the causes of their delay or default. Under Sec. 152 of the Land Revenue Code, written notice is served for which a stamp of As. 8 is put down; while under Sec. 148 a penalty for non-payment and interest on arrears can be exacted. But worse still are the Secs. 56 and 153 empowering the Collector to forfeit the land. Sec. 154 empowers him to attach and sell moveable property and sec. 155 gives him the power to attach and sell immoveable property other than land. As if all this were not enough, Sec. 157 authorises the Collector to arrest and imprison the defaulting tax-payer, and remove him from his village to a civil jail.

All these rules finally prove that the tax and its collection are relics of an age when the State did not think it necessary to subject its executive branch to the wishes of popular opinion; to-day, whatever the realities of our political life, the Government is at pains to show that it is ruling in the interests of the governed, that it has

the well-being of the impoverished masses at heart. In the system of levying and collecting the land-tax, which is paid by the largest and the poorest class of men, we have seen a tragic tale of bureaucratic mis-rule. The manner of assessment of land revenue, the methods of its collection, and the penal measures in cases of default; have all and each proved to be unsatisfactory in the extreme. From the point of view of commonly accepted principles of taxation that govern the taxation policies of all civilized Governments of the world, our land revenue has two fatal defects. It is *iniquitous and inelastic*. Besides, the rules under which its collection is carried out have behind them an unspoken tale of woe.

It is idle to suggest that Land Revenue is not a tax on person but a tax on a thing. As Prof. Pigou says "The object of assessment is the channel through which the source of tax payment is reached" (Public Finance, page 159). The problem must therefore be faced that land revenue is a tax on the individual agriculturist, and as such we have to see if he can or does shift its incidence on somebody else. Prof. Seligman who is recognised to be an international authority on Public Finance is of opinion that "Under actual conditions the tax on agricultural land is but rarely shifted to the consumer". Besides, we can look at the matter in this way, that where a producer can dictate the price at which he will agree to sell his produce he can shift his burden to the consumer by adding it to the price charged. But the peasant today does not at all understand the crazy mechanism of commodity prices, and has to take the market as he finds it.

Thus if the tax in question is a tax on persons—the agricultural population—we must proceed to analyse the ability of the payer to bear this tax-burden. At the outset we will be forced to the realisation that the question of ability finds no mention at all under the present circumstances. The disgraceful part of the picture is the fact that once we begin to assess the ability of the Indian agriculturist, we will be forced to the conclusion that the most heavily taxed classes in our country are the least able to bear any burden. There is no device by which the burden could be varied, e. g. the income-tax falling more lightly on those less able to bear it and more heavily on those who can bear a larger part of the burden of taxation. No doubt as long as

the land revenue remains a land tax and is not converted into a personal tax, it will not be possible to introduce into it a system of graduation; but then this is a further reason for placing our pitch of assessment at a very moderate level. We must lay the flat rate at a point at which it will not be burdensome, not to the average revenue payer, but to the poorest revenue payer. This also points to the conclusion that the pitch of assessment, which may be fair in a province with a Zamindari settlement, e.g., a province in which the bulk of the revenue payers are fairly well-to-do land-owners, will become an intolerable burden in a Ryatwari tract where a large number of revenue payers are peasant proprietors cultivating un-economic holdings.

Besides, as a corollary to this same principle of graduation, it is necessary to fix the lowest limit of exemption. In a country with an unbalanced economy, and the absence of ever widening avenues of employment for the surplus population, the pressure on land increase steadily from generation to generation. Lands below the margin of productivity come to be taken up for purposes of cultivation. Life for the surplus population is always a precarious business. It is absolutely essential to lift the burden from the weary backs of these unfortunate agriculturists who have no surplus out of which they could pay the demands of taxation. As Dr. Mann has pointed out, there is a clear deficit in their income to meet the necessary expenditure according to the 'people's own' standard. This deficit is made up by underfeeding and underclothing (Royal Com. on Ind. Agr. Vol: III part 1, page 16). Thus if the demands of a sound financial system are to be met, it will be imperative to overhaul the whole system of taxation, with a view to exempt the lowest strata of producers who are working at an obvious loss, as well as those who have little to pay out of. On the other hand those, who have holdings of over 25 acres may be treated as above the margin of solvency, and may be taxed according to the same system of steeply graduated income tax which prevails in all other countries. Even under capitalist states, under pressure of fiscal needs, unearned incomes are taxed at a higher rate than those that are derived from personal effort. Thus in allowing the classes of people, who can and ought to pay according to their ability, to pay less than what they reasonably can the state denies to itself a legitimate source of revenue; it has only itself to thank for this

piece of self-denial. But it becomes a crime when this self-denial is made an excuse for continuing to crush still further those whose occupation leaves them without any surplus or at best with a very precarious one. But the mentality of the bureaucracy may be summed up in the following observation by one of them who is considered to be the one authority on the land revenue system of India—Baden Powel. When cornered, our rulers fix the weakness of the system on the intrinsic strain of perversity at work in the Orient. Our learned authority says, "An oriental institution is what it has grown to be, by the effect of custom and the wear and tear of historical events. To take it up, turn it round, and force it into the mould of any European definition of theory of taxation, is impossible" (page 280).

To summarise our conclusions, we may say that :—

(1) There is no definite and reliable basis of assessment ; the Broomfield Report has given a death blow to the theory of rental value as a basis of assessment. (2) Inequality of assessment (a) as between the various types of lands ; (b) as between the agriculturists as a class of tax-payers as compared to all the other classes of businessmen. (3) The repressive nature of the impost that falls more heavily on those who are least able to bear it. (4) Inelasticity of the demand as a source of revenue to the state, and also as a burden on the producer whose liability does not vary directly according to his income. (5) And finally the arbitrary authority of the executive that arms itself with draconian powers to screw out of the poor exploited bankrupt peasant to the direst limit of his capacity.

Our analysis thus far has cleared the ground for a critical and constructive approach to the problem of taxation of agricultural incomes in Maharashtra. It might appear on the surface to be a negative effort ; but it is impossible to face the positive issues unless the ground is cleared of historical and accidental factors. The question that we have now to face is how to overhaul the present system and bring it in line with the canons of sound taxation on the one hand and the fiscal needs of the province on the other.

The problem is by no means simple ; but any change in the character of the Provincial Government, any improvement in the spirit of the administration, must depend vitally on the fundamental reconstruction of the land revenue system.

It would be asked whether it is possible to improve the glaring defects by a radical piece of reform of the system. We should consider the task too arduous and the effort unlikely to lead to any useful end. But, our friends persist, till the radical overhauling of the system takes place is the poor agriculturist to go without relief? It might be possible to indicate the lines along which first-aid measures may be undertaken till the surgeon arrives to the rescue. But these measures cannot be expected to liquidate the problem; however, before we turn our attention to that aspect it will be necessary to understand the deeper implications of the agricultural and the fiscal situation. Just at present there is an arbitrary division of the problems of finance into Provincial and Central. In considering the problem this sort of thing is not likely to lead us out of the '*impasse*.' The solvency of the national finances is inherently an indivisible entity. Land revenue is the back-bone of the provincial taxation and overhauling the system will mean putting the entire provincial finance into the melting pot. Thus the two important aspects of the problem are the agriculturist who pays the tax on the one hand and the fiscal system which he supports on the other.

As an immediate measure it will be necessary to give relief. How will the present Provincial finances be able to stand the strain? This matter cannot be disposed of superficially. However, if we are intent on some measures of first-aid, it is necessary to grant complete exemption from taxation to all those whose net income is less than 250 Rs. Since the Government of India have decided to exempt non-agricultural incomes upto 2000 Rs., the recommendation will explain its own justice. The anna-valuation of crops must be taken out of the hands of the Revenue Department and entrusted to a district agency, composed of the representatives of the Co-operative Department, the Agricultural Department, the District Local Board and the members of the Provincial Councils representing the district. Any one who feels that his crops are not properly assessed may apply that his case be re-examined on the payment of a fee which should be followed by a fine if his claim for rebate is found to be extravagantly high. This will prevent this machinery from becoming an instrument of tax evasion. Rebates should be given to all those who can prove that the basis of their assessment has been iniquitous. These are not very ambitious

measures. But they will carry relief to the point where it is due. In the case of genuine inability to pay, the holder must be given the benefit of an insolvent. No fines for default where there is a genuine inability. No imprisonment unless intentional tax evasion is proved as in the case of income-tax. In popular terms the immediate demands of the Maharashtra peasants may be summed up as a 50% reduction of land revenue to the impoverished peasantry and a non-official anna-valuation of lands.

But this is in reality no problem for piecemeal tinkering. What is called for is a thorough overhaul. Nothing must be condoned simply because it has existed for good or evil for over a century. What is needed is the elimination of this arbitrary, artificial and hateful differentiation of the taxation of agricultural incomes from non-agricultural incomes. It had never any logical basis. To-day it is a crying injustice.

Incomes from land must be divided into two classes—self-earned and unearned or absentee incomes (all the benefits of Inam lands will fall in the latter category and will afford a very useful supplement to the diminished receipts). In the former class of self-earned incomes there will have to be kept a record of the quality and quantity of land held. Incomes below 250 Rs. should be exempt from taxation and the rest should be taxed according to the graduated scale of taxation on non-agricultural incomes. Independent unofficial agency like the one proposed above should prepare estimates of productivity and prices. This will involve reviewing the present adjustment of revenues between the Federal and the Provincial Governments.

The reorganisation of the taxation of agricultural incomes was a subject about which the Taxation Enquiry Committee has not given any scheme. They laid down certain basic principles which may be summed up thus:—(a) that it should be definite as to basis and pitch of assessment, (b) that it should be cheap and simple, (c) that it should ease and steady the burden on the smallest cultivator, (d) that it should be progressive. It will be seen that our recommendations are also based on the same principles as those of the Taxation Enquiry Committee.

CHAPTER V.

The Tenancy Problem in Maharashtra.

The system of land tenure which obtains in the Deccan is known as the Rayatwari System. This system is easily distinguished from the Zamindari system of Bengal and Behar or the Village Community system of the Punjab. Under this system the settlement is made by Government with the individual occupants who are themselves land-holders. Baden Powell calls Rayatwari system a *system without the middleman*. The advantage which was expected to result from the Rayatwari system was that the rayat would therein have to deal direct with the State and consequently could expect greater justice and consideration than from the ordinary landlord under the Zamindari System.

Presumably, when the system was first legally regularised since the advent of the East India Company, the occupant was as a rule himself the cultivator of the soil. Writing in 1894, Baden Powell has observed that, in general, there has been little artificial growth of the landlord or the middleman class. It is difficult to say how far this observation was valid even at the time when it happens to have been made. We have reason to believe that the system of contractual tenancy in this part of the country is probably as old as the Rayatwari system itself. The occupancy holding guaranteed by the Government at the time of the introducing the system to the individual holder was in many cases larger than his capacity to cultivate it. As a result necessity must have arisen to rent out a portion of the holding to a cultivator on contractual basis. The Survey Settlement Commissions (1825 Pringle; 1836 Goldsmith & Wingate) looked to the title of the original holder and not to the size of the holding, nor to the capacity of the occupant to cultivate it. The new rulers were anxious to create a sense of security in the minds of the village occupants and thus to establish their administrative control.

Though the contractual tenancy was not unknown to the Pre-British Village System, its present growth is largely due to

the disintegration of the old village economy. The growth of the commercial and industrial towns under the new regime attracted many small land-holders to the urban area and they usually rented their lands on contractual basis. Consistently with his city occupation, the small holder, it is easy to imagine, must soon have found it difficult to look after his rural estate. This was probably the initial cause of the rise of the rent-receiving non-cultivating middleman, extraneous to the organic life of the village. Thus a class of absentee landholders, having no interest in the village life except that of demanding annual rents from the tenants, was created. In course of time the city-dweller found that the ownership of this land was not an economic asset if not actually a burden. In the new social environment of the town his sentimental tie with the ancient holding was broken.

Coupled with the disappearance of the small city-dwelling land-holders, another and probably the more powerful factor which gave an impetus to the growth of the middleman was the fact that agriculture was fast becoming uneconomic due to excessive pressure on land, fragmentation of holdings, old methods of cultivation etc. This, together with the Land Revenue policy of the Government which placed an unusually high burden on the cultivating occupant of the village, in several cases led to the passing out of lands from the hands of the cultivating classes into the hands of the non-cultivating rent-collectors. Besides, as Professors Wadia and Joshi remark :— “ Land tax is not the appropriation of the unearned increment of the soil, it is often the appropriation of the bare minimum of subsistence left to the cultivator.” To safeguard the possession of his holding from forfeiture by Government he quite often mortgages it with a village Saukar in the hope of redeeming it in good times. With a view to check this process a suggestion was made by some members of the Land Revenue Assessment Committee, Bombay (1924), that a distinction should be made between cultivating and non-cultivating land-lords in fixing the Government assessment. The Committee did not investigate how far during past few years the concentration of cultivable land in the hands of non-cultivating class has taken place ; but in their report they make the following observation :—

“Some members of the Committee would make a distinction between cultivating and non-cultivating landlords in fixing the assessment in order to prevent land passing out of the hands of the bona fide agriculturists. The evidence produced before the Committee was strongly against any such distinction being made. The Committee accept this view. They think that where land is rapidly passing out of the hands of the cultivating classes and where the relations between the landlord and the tenant have become acute the problem can only be solved by the introduction of tenancy legislation”. The Committee thus suggests a remedy without investigating the problem.

During the course of our investigation we received ample oral evidence to show that land is progressively passing out from the hands of the cultivating land-holders into the hands of the non-cultivating land-owners. First, the cultivator incurs debt to make both ends meet; when he is unable to pay interest charges or repay the principal he mortgages the land; and even after this as the situation does not improve, redemption becomes impossible and land goes out to the money-lender. It may however be noted that the money-lender is far from willing to take over the land. No one knows better than he that it is a losing concern to own land in India to-day. He knows that the Court of Law will uphold almost all the accumulating interest with the principal. To-day it is more productive to own debts than land. He, therefore, prefers to allow the interests to accumulate rather than be saddled with ownership of a losing concern. This creates an illusion that the peasant himself is the proprietor of his land. In fact, if we look to the total indebtedness of our peasant, he is hardly the master of his land; most of it is mortgaged with the money-lender.

No one dare view this plight of the Indian agriculturists with equanimity. Indebtedness causing alienation of land creates the problem of rent; and rent in its turn adds to the burden of indebtedness because of the submarginal productivity of the land. The peasant proprietor who now tills the land as a tenant of his Sowkar has to bear the burden of rent (rack-rent as we shall see later) which again accelerates the process of debilitating the ‘have nots’ in favour the ‘Haves’—the ‘New Haves’. But before proceeding to this we may note yet another aspect of our land-

question. In the Central Division 72% of land is owned by 27% of land-holders. This shows that even in the Rayatwari tracts there are landlords and tenants and that the land-holders have about three-fourth of the land in their possession.

This top stratum of the community rents most of its land to the landless tenant as well as to the small land-holder at the bottom. It will thus be clear that in the Rayatwari tract also there is Zamindari, and the problem of rent exists for the huge majority of the peasants.

On what terms does the landlord in Maharashtra lease his land to the tenants? More than one system is in vogue. Cash rents are not very common and the system of Batai prevails. The *Ardhel* system, 50/50 division of the gross produce, is the most common.* But even this is not uniform. In some places

* It will interest us to know what system prevails in other parts of the country. We give below the details of the system as it exists in the Punjab. "The rate of Batai does not vary with the kind of soil. The usual rate of Batai is one third to the owner, after paying the menials' dues (the Balutedars) from the common heap. The landlord however, has no share in the wheat straw (Bhusa), though he takes a share in other fodder crops.

"The custom uniformly observed is that the tenant pays the occupier's rent and the landlord the land Revenue. No additional cess is levied by the landlord but it is customary for him to *exact* at each harvest a Jholi of grain which is ordinarily 10 to 15 sheers in weight. Division takes place on the threshing floor. The field for threshing is selected by the tenant. When grain is ready the landlord is informed. The landlord himself is responsible for the carriage of his share and the tenant is under no obligation to help him carry it.

"The tenant does not make any gift of animal produce to the owner in return for the concession allowed for fodder. If he keeps goats he may make a present of a male kid."

(An Economic survey of Bhambu Shandila—The Board of Economic Enquiry, Punjab P. 124.)

The following system obtains in the United States.

"Tenants who are termed 'croppers' pay rent in the form of a stipulated fractional part of their crop, or the value thereof..... Most of the 'croppers' operate their farms on what is known as "half and half" system. Under this system, the landlord usually furnishes the land and the farm house,

the land-owner shares the cost of cultivation in certain proportions, in others the land-owner pays the land revenue and the tenant bears the full cost of cultivation. The relationship between the land-lords and their tenants being strictly contractual has so far escaped any regulation by the State in defence of the weaker party. We must however try to discover the incidence of rent on the tenant cultivator. The share or the tribute of ownership, in the absence of any criterion of absolute social justice, is necessarily determined by the free contract.

Yet the iniquity of it, at least with the prevailing low level of prices, is obvious. At present the cost of cultivation of almost every crop is certainly not less than 50% of the gross value. Add to this the other 50% of the gross produce that the cultivator pays in lieu of rent and we find that the cultivator is left with next to nothing for all his pains. In fact the data at our disposal shows that the expenses of cultivation at present vary from 50 to 90% of the total yield. In cases in which it is more than 50%, the cultivator will actually be faced with a deficit. And when we remember that quite a large part of the cultivation is on the basis of rent, the bankruptcy of our agriculture becomes evident. He has therefore to choose either to indefinitely lower his standard of life, passing down from the subsistence minimum to the

gives the tenant right to cut trees on the farm for the fuel, provides the work-stock and the feed for the work-stock, furnishes the seed and pays one half of the cost of fertilisers and one half of the cost of ginning (in case of cotton), while the tenant only furnishes his labour to make the crop and pays the other half of the cost of fertilisers and ginning. The landlord and the tenant share equally the cotton, cotton seed and other crops or the proceeds from the sale of them.

“Share tenants” who themselves provide the work-animals naturally retain a larger portion of their crops.....Many of them operate under what is known as ‘Third and fourth’ system. Under this system the landlord usually furnishes the land and the farm house, gives the tenant the right to cut trees on the farm for fuel, and pays one quarter of the cost of fertilisers and ginning, while the tenant furnishes his labour to make the crop, provides the seed, the work-stock and the feed for the work-stock and pays the other three-quarters of the cost of fertilisers and ginning. The landlord receives one-third of the corn and one-quarter of cotton and cotton seed.” (“Cotton goes to market”, Garside,)

starvation minimum or the equally unpleasant course of defaulting in the rent-payments and interest charges.

The question arises that if it does not pay to cultivate land on rent why is there such a scramble for it? Demand for it under these circumstances ought to fall and the rent should automatically come down. The only possible answer is that the cultivator hopes for the best while renting the land at the beginning of the season. He goes in for it, having no other occupation to live on. It is a pathetic irony of the declining era of capitalism that when the avenues of employment begin to shrink, the phrase 'cut-throat competition' no longer remains a figurative term. The phenomenon of working below costs (cutting one's own throat) becomes common, as any close student of economic affairs can observe*. In the very struggle for existence, existence becomes more costly, the struggle adding to the cost. Similar is the case of a cultivator who bids high for the privilege to cultivate land, the privilege that is likely to prove of negative value.

From the above observations it would be clear that even in the Rayatwari areas there has grown up a class of land-owning middlemen between the cultivator and the State, resulting in an increase in the number of tenancies. At present there is no legislative control governing the relations of occupants and contract-tenants in this area. Under Rayatwari tenure the proprietary cultivator holds his land direct from Government with perfect freedom of management with regard to sale, transfer and rents to be charged to sub-tenants. There is excessive competition among tenants for land, as there is no alternative occupation. The cultivator sticks to the land although he may have to pinch and starve in order to pay excessively heavy rent. The actual rents are apt to be very much higher than the true economic rent in a country where agriculture is practically the sole occupation of the people and where there is no competition as between a variety

* To point out only two instances we have the case of many cotton ginning and pressing factories working below costs in several cotton growing districts. Another and more unbelievable is the instance of cotton prices being actually higher in parity in up country market than in the central markets, taking cost of transport into consideration.

of occupations. In many cases rent is largely paid out of income earned not from the land cultivated but from other sources. In a village where some members have emigrated to the towns in search of a job in the mills, it is the common practice for the urban wage-earner to pay the deficits and interest charges on the family out of his wages and thus to keep the wolf at bay. This works out to be comparatively more economical than taking the whole family to the town, as the cost of living over there is very much higher. Thus we come across a phenomenon which is commonly called rack-renting. The incidence of rent is much heavier than the produce in the field can bear. The result of all this is seen in the increasingly growing tension between the landholders in the villages and actual cultivators. The lease-contract usually lasts for a year. The tenant is made to take all the risk of cultivation and he is made responsible for the upkeep and the maintenance of the field. Usually there being excessive competition among the tenants, if the tenant fails to observe all the conditions laid down in the 'Kabuliyat', he may be removed by the land-lord at his sweet will. As there is no fixity of tenure the standard of cultivation is very low. Thus a state of things has arisen which makes legislative control by the State of the relations between the tenants and landlords inevitable.

The tenancy in the Rayatwari tract is different from the tenancy under the Zamindari system. The Zamindari system, by handing over the proprietary rights of owners or occupants in the village to a revenue farmer, a class created for the first time at the advent of British rule in Bengal, Bihar and U. P., has reduced them to the position of ordinary tenants on the field. Unfortunately, however, the so-called tenant class came to acquiesce in a state of things that kept it in a perpetual bondage. The so-called permanent settlement has therefore been rightly called "the most extensive act of confiscation that ever was perpetrated in a country." Naturally the tenancy law that has developed so far in Bengal, Agra and to a limited extent in the Central Provinces recognises different grades of tenants as 'exproprietary', 'tenant at fixed rate', 'Sub-proprietary' etc., as its basis. The recent growth of tenancy in the Rayatwari area being mainly contractual will have to be dealt with in a different way. No doubt, the question of recognising historically the proprietary interest does

not arise. The legislation will have to be undertaken with a view to control rents, give the tenants some kind of fixity of tenure and a limited occupancy right which is heritable and conditionally transferable. In short the aim of the legislation must be to confer on tenants the privilege of three F's, fair rent, fixity of tenure and free transfer, as in the case of Irish Land Legislation.

Unless some sort of permanency is guaranteed to a tenant he cannot take intensive interest in the agricultural operations that he carries on in his field. If he is assured by law that he will not be removed without default either in payment of rent or for some other substantial reason, he will carry on his work with greater interest and hope. That is bound to improve in some way the methods of agriculture that are usually followed and the produce of the soil. To achieve this purpose it becomes incumbent on the State to confer on the tenant a full occupancy right. In Bengal and U. P., the legislature has followed the twelve years rule, that is, where a tenant has continuously held the same land for twelve years, he should be regarded in all cases as an occupancy tenant. We suggest we should guarantee the same rights to the tenants in the Rayatwari area. If the landlords are likely to evade this measure by making it impossible for any tenant to hold the same piece of land continuously for the required period in future, the law should provide for such a contingency.

As we have pointed out, the excessive competition among the tenants for the land has already increased rents beyond the margin of economic rent. At present, the basis of tenancy usually being an yearly contract, rents are fixed arbitrarily. This has given rise to agrarian disputes between landlords and tenants at several places in the province. The famous Chari dispute in Kolaba district in spite of the efforts at compromise by the M. P. P. C. still continues. The lands are lying fallow. The dispute mainly centres round the point as to what is a just demand by the landlord on the tenant. Another dispute has arisen in the district of Thana at Ghansoli. These tenants' strikes are symptomatic. The Committee after closely following the nature of these disputes has come to the conclusion that at the present level of prices, the demands of the landlords are extortionate. After a careful study of cost of cultivation and of income, we come to the con-

clusion that the percentage of gross produce demanded as rent by land-owners does not leave even a bare subsistence to the tiller. We submit that unless an equitable claim as rent is arrived at and a sliding scale fixed in view of the costs of production and prices, the land-owners would remain in a position to extort rack-rents from the ryots due to the diminution of the bargaining power of the latter.

The argument used by the land-owners that these contracts are freely and willingly entered into by the tenants needs to be vehemently refuted. Protests have got to be raised against this cruel exploitation of the landless based on their economic prostration. It is the uppermost duty of the State to offer protection against this ruthless working of the laws of demand and supply to these landless peasants who have inherited no ownership to instruments of production. Without contemplating any denial of the property rights, we assert that any demand by land-owners that does not leave to the tenant a minimum subsistence is positively immoral. *The claims of productive labour have a higher social justice than those of functionless ownership.* And the owners need to be told that investment in land like any other investment is liable to yield a loss and that profits in the capitalist economy are not as secure as ownership. To place the burden of functionless ownership on the shoulders of those who have no choice but to rent the land or to starve, is something that no society calling itself civilized ought to condone or legalise.

We further suggest that an Act should prescribe a form of Kabuliyat which forms the basis of the contract between the landlord and the tenant. As they are at present, the Kabuliyats read more like slave bonds than free voluntary contracts. A machinery should be created, semi-official in nature, to settle agrarian disputes between tenants and landlords. A suitable provision for receiving rents by instalments and remissions requires to be made. Rent should be fixed in terms of the produce but may be paid at the option of the tenant either in coin or corn. Improvements made by the tenant during his term of tenancy should not form the basis for enhancement in any way.

Before undertaking this measure, we would like to suggest that a careful investigation be carried through official agency to

ascertain how far land has actually passed out of the hands of cultivating classes into the hands of the non-cultivating classes and what is the incidence of rent on tenants in different districts. Collection of data on these matters is very essential in order to give a correct idea as regards the condition of tenancy in Maharashtra.

CHAPTER VI.

Khoti System.

What is known as the Khoti system of tenure is prevalent mostly in the two districts of Konkan viz., Ratnagiri and Kolaba, and the Salsette taluka of the Thana district. The system is by no means uniform or homogeneous and perhaps it was never so at any time before. Confining our inquiry to the history of the system since the advent of the British rule, we might say that the system was accorded statutory recognition by various Regulations and Resolutions of the Governor-in-Council of Bombay prior to the transfer of political power from the East Indian Company to Parliament. These Regulations and Resolutions did not affect the structure or character of the system; they may be said to have legalised the status quo with slight modifications. So far as the relations between the Khots and the tenants were concerned, these Regulations and Resolutions favoured a sort of *lessaiz faire* policy. They were inspired, as was to be expected, by the anxiety of the new rulers to create a feeling of security in the minds of the propertied classes. Thus they could not go further than to accord immediate guarantee to the existing property rights.

By the Bombay Act I of 1865, known as Khoti Leases Act, Government for the first time made an attempt at regularising the status of the tenant under the Khoti System. This act made no innovations, nor did it make an attempt statutorily to define the various modes of tenancy under the system. The act only gave power to the Survey Settlement Officer (1) to grant the Khot a lease for the full period for which a settlement may be guaranteed in place of the annual agreement, (2) to fix the demand of the Khot on the tenants at the time of the general survey. The relevant Section 38 of the Khots' Leases Act runs thus:—"It shall also be competent to such officer, with the sanction of the Governor-in-Council, to fix the demands of the Khot on the tenant at the time of the general Survey of a district; and the terms thus fixed shall hold good for the period for which the settlement may be sanctioned. But this limitation of demands on the tenant shall not confer on him any right of transfer by sale, mortgage or other-

wise where such did not exist before, and shall not affect the right of the Khot to the reversion of all lands resigned by his tenant during the currency of the general lease". It would thus be seen from the section quoted above that the Act did not extend the right of the tenant or improve his status vis-a-vis the Khot or the superior holder. If anything, the Act strengthened the status of the Khot, as it specifically laid down that the tenant shall not have any right to transfer by sale, mortgage or otherwise his occupancy right where one did not exist before. In other words it legalised and thus made explicit a disability which was probably implicit in the system itself.

Section 37 of the Act I of 1865 gave the Survey Settlement Officer the power to grant the lease of a village or villages to the Khot for the full period of the settlement, and further it made a provision in respect of the right of permanent occupancy that the right of the permanent occupant would hold good at the expiration of a settlement lease in regard to those villages. This Section, coupled with the practice followed by the Settlement Officer of entering the land in the name of the tenants, created a suspicion in the minds of the Khots that their proprietary rights were being placed in jeopardy. The Khots were, it appears, not satisfied with the mere denial of the proprietary rights of the tenants. They wanted a statutory recognition of their proprietary rights as absolute and inviolable. It seems that there was a ferment of discontent during the period of the Survey Settlement following the Act of 1865. With a view to placate the Khots, Government drafted a new Bill and circulated it for opinion amongst Government Officers. The following extract from the memorandum of Mr. A. T. Crawford is remarkable in that it clinches the issue which was, so to speak, at the core of the Khots' agitation which was slowly gathering strength and was brought to a head by the determined leadership of an astute lawyer, the late Rao Sahib V. N. Mandlik :—

"An attempt was made to introduce the Deccan Ryotwari Settlement. Disastrous failure was the result. The Khots saw that the blow was aimed at their tenure. At that time no regular combination existed among the Khots. Rao Sahib V. N. Mandlik, himself a Khot, who now directed their combined action did not

then possess much local influence. He was only feeling his way cautiously. As the Survey operations progressed, all lands were entered in the tenants' names; as a result general consternation arose among the Khots, and a few trivial disputes with the Survey Officers were magnified into great wrongs at their hand. Ill-will was sedulously fostered by the malcontent leader, who now formed an association throughout the Zilla, worked the press, both Indian and English, and at last boldly throwing off the mask, declared that the Khots would be *satisfied with nothing less than the absolute recognition of their proprietary rights in the soil of their villages.*"

The Government, cowed down by this agitation, appointed a commission in 1874 popularly known as the Khoti Commission. The report of this Commission forms the basis of the Act I of 1880 known as Khoti Settlement Act, which has also been made applicable since then to the District of Ratnagiri.

The principal features of this Act may roughly be summarised thus:— (i) It defined the different types of occupants in Khoti villages. (ii) It determined the rights and obligations of the tenants vis-a vis the superior holder. (iii) It conferred the occupancy right on every holder of Khoti land actually occupied or cultivated since 1845.

This Act went a long way towards meeting the anxiety of the Khots by defining the manner in which the occupancy right could be transferred, except by way of inheritance, by the permanent tenant. Section 10 lays down that the occupancy right of the permanent tenant is heritable but "that it shall not be otherwise transferable without the consent of the Khot", although now the Khot could not disturb the permanent occupant so long as the Khot's dues were paid by him.

This Section records a step further towards the consolidation of the rights of the Khot. It cannot be said that the Section conferred an absolute proprietary right in the Khoti land on the Khot to the exclusion of the Government. However it formally recognised the absolute proprietary right of the Khot in relation to the tenant so far as the transfer or disposal of the occupancy right otherwise than by way of inheritance was concerned. This recognition of

the Khot's right was not merely a formal concession but was materially to the detriment of the tenant. As observed by Macleod and Coyaji, JJ., in *Krishnaji vs. Gangaji* " *This highly penal enactment* was passed in the interest of the Khot," as the transfer of the occupancy right without the consent of the Khot results in the forfeiture of the right. The act did not define the nature of the proprietary right of the Khot. Section IV of the Act lays down that the Khots shall continue to hold their villages conditionally on the payment of the amount due on account of the Jama of the villages, subject to any other term or liability lawfully annexed to their tenure. Judicial decisions have to some extent defined the nature of their right. According to these decisions, a Khot is a farmer of land revenue and his office has become hereditary (Tajubai's case). He is a superior holder with respect to all village-land over which he exercises Khoti rights. *Proprietary rights are not essential to the conception of Khotiship*; in the absence of an express grant of the proprietorship of the soil, a Khot is to be presumed not to be the proprietor of the soil. That does not, however, mean that he has no interest in the Khoti village, nor that he is merely an officer or an agent of the Government (Collector of Ratnagiri vs. Antaji).

Whatever the nature of the Khot's interest in a Khoti estate, the system has created an extraordinarily complicated state of agrarian relationships. Sub-division of Khoti rights is carried to an unimaginable degree. In many cases, Khots have either sold or mortgaged their interests to a Sawkar who cannot pretend to have any sort of a feudal tie with the cultivator. The result of all this has been the pauperisation of Khots and the continued serfdom of the cultivator.

Usually in Khoti villages money-lending to the tenants is the secondary occupation of the Khot. We can well imagine the authority he must be wielding in the local area in his two-fold capacity of a Sawkar and the hereditary rent collector. What little legal protection is guaranteed to the cultivator by the Act is of no avail to him, in as much as he is economically prostrate. As Justice Field has correctly observed, "Legal remedies are available only in the hands of the rich; the poor are without the means of profiting by them." The cultivator toils in the field from year-end to year-end to meet the demands of the Khots

and the dues of the Sawkars. In the present period of severe economic depression when he cannot pay off the "Thal" or "Pat" to the Khot even by selling everything that was produced in the fields, he is compelled to work as a domestic servant or serf in the household of the Khot for the balance due from him. This is not far removed from legalised slavery for a period of years. As he cannot sell or transfer his occupancy right without the consent of the Khot, the tenant pays a part of the price to obtain his consent. Taking advantage of this provision, the Khots have in many cases deprived the tenants of their occupancy right by buying it over for a nominal price and have reduced the status of the privileged tenants to that of ordinary contract-tenants at will. The plight of the tenants under the Khoti system as we saw during our investigation is highly deplorable. The tenants though poor and ignorant are seething with discontent. If this state of affairs continues for long, this discontent is bound to emerge in the form of sporadic uprisings. The State must render immediate help to these land-slaves by guaranteeing to them at least the barest minimum of subsistence out of the fruits of their toil.

The Khoti tenure as it prevails has no scientific basis whatsoever; its character and content have been determined, more or less empirically, according to the expediency of the State. It sanctions the exactions by the functionless rent-grabbing middlemen, viz. the Khots. It perpetuates the confiscation of the earnings of the toilers in the field without guaranteeing to them even a bare subsistence. The nature of the land system is thus anarchical and confiscatory. It favours an absentee, the so-called superior occupant, as against the actual cultivator of the soil. This grave injustice needs an immediate remedy in the form of further protection and definite guarantees to the tenants.

The Khoti Settlement Act of 1880 has been made applicable only to the district of Ratnagiri. The Khoti system in the district of Kolaba is still governed by Sections 36 and 37 of the Khot's Leases Act of 1865. The Khots of this district have made a demand in the past for the application of the Khoti Settlement Act, to which Government has not so far responded. During the last few years the relations between Khots and the tenants have in some places become very acute. The present economic de-

pression has hit hard both the tenants and the Khots. In some places disputes have taken a severe turn. The tenants are forced to declare strikes in order to secure their immediate demands. Nominally, the "open ring" policy of the Government still continues. At present there exists no machinery, either Governmental or semi-Governmental, to settle the disputes between the tenants and Khots. Thus a situation has arisen which demands an immediate action at the hands of the State. It must however be remembered that refusing to defend the weaker party in the dispute upto the limit of their legitimate demands is tantamount to abetting the stronger party in its exploitation. If such interference is deemed necessary and has been made the basis of factory legislation, there seems to be no ground to stick to impotent policy of the open ring in this case.

In their origin the Khots in the Salsette Taluka were the revenue farmers of the Government. Their relations with Government are based on the permanent Kabuliyats which do not in any way affect the rights of the occupants of the Khoti villages. Judicial decisions have from time to time determined the rights and privileges of the superior holders. So far, the relations of the tenants and the Khots have not been determined or defined by statute.

It would thus be seen that the so called Khoti system is not in any way uniform. The system has placed an unjust obligation on the cultivators of the land in order to maintain a class of rent collectors. The village economy in which this class had some social function has been altered by the new economic forces. Though it would be unjust to make a distinction as regards the property rights in land and other property rights, still the fact that land is limited in quantity and cannot be produced by human agency demands that some regulations be made by the community as a whole with regard to its appropriation and use. Legal rights created and sanctioned by the exigencies of the State cannot sanctify a wrong, however old it may be. In the light of the changed circumstances, the modification of such rights in the interests of the community becomes necessary. Our investigation of this problem has convinced us that this system, if at all it is to continue any further, must be brought under a uniform mode of control by State legislation.

CHAPTER VII.

Agricultural Indebtedness.

Repercussion of the British Rule on Indebtedness.

The problem of agricultural indebtedness has assumed a new aspect since the stabilization of British rule in India. The Indian laws, customs and usages that regulated all economic and social relations were suddenly replaced by a foreign system of jurisprudence of inelastic and impersonal law, alien to the genius of the land. Such a system was an essential prerequisite for an unhampered development of British commerce. Rigid laws of property and contract were enacted and enforced with a sternness hitherto unknown to the peasant in India. Contracts which were entered after properly discounting for the elasticity and vagueness inherent in affairs based on custom were suddenly invested with the sanctity of the English rule of law. While freeing the money-lenders from these customary bonds of usage and custom, the law imposed on the peasantry the inexorability of "blind" justice. The officers of the British Government, as yet unhardened by bureaucratic temper, saw this very clearly; for example, a report on Khandesh Bhils made by a certain Captain Wise in 1874 admits: "Before the country came under us, no Sawkar, Guzar etc., etc., could have dared to treat the Bhil as they now do; but these people take advantage of our rule to oppress and make slaves of those they formerly feared." As Prof. Thomas remarks: "All laws and customs that kept down debt fell into desuetude. The whole trend of development in the 19th century favoured the growth of debt."

Extent of Indebtedness.

What with this liberal legislation, the dwindling income from agriculture in India due to growing pressure on land and recurrent famines, and what with that proverbial improvidence of the peasantry generated by chronic insecurity, the debts of the agriculturists had mounted to a staggering figure of Rs. 900 crores (estimate) when the Central Banking Enquiry Committee appointed by the Government of India made their report in 1930. Hardly

had the blue book left the precincts of the Government Printing Press when the whole world was suddenly caught in the morass of the Great Depression. Agricultural prices fell by more than half and the farmers discovered to their great dismay that all that they grew was not worth half as much as it was a year before. No amount of ascetic indifference to and dissociation from foreign affairs could ward off the blow of international economic crisis. With the fall in prices the already meagre paying capacity of the Indian peasant fell to zero, and we have it on the authority of competent economists that during these five depression years, not only no repayment has been possible, "but hardly 20 per cent of the interest due annually must have been paid"* by the debtors to their creditors. On the basis of this non-payment of principal and interest, eminent publicists like Sir M. Vishweshvarayya compute the present agricultural debts at Rs. 1500 crores. This estimate is very conservative, for it involves the supposition that during these six years of world depression no new debts were incurred by the peasants. The real burden of this indebtedness, moreover, is much greater. The farmer's earnings in terms of money have since 1929 lost 40 per cent to 50 per cent of their value and yet all the contracts already entered into are as sacred and inviolable as ever.

Pro tanto, the indebtedness of the peasantry of the Bombay Presidency must have increased on a conservative estimate from Rs. 80 crores in 1929 to Rs. 150 crores today. The enormity† of this burden would be realised when it is pointed out that the annual interest on this at a liberal rate of 12 per cent amounts to 30 per cent of the total value of the annual agricultural income at the present prices of the principal crops of the Bombay Presidency, computed‡ at 60.52 lacs in 1933-34 by the Department of Commercial Intelli-

* Thomas, Ibid.

‡ The Punjab Debts Enquiry Committee (Official) estimated that the total debts have risen from Rs. 130 to 270 crores. In Madras according to the report of Mr. Satyanathau, I. C. S., the indebtedness since 1929 has increased from 150 to 200 crores.

† Following All India figures (in crores of Rs.) may interest us:—

Total Indebtedness	Total Land Revenue	Total value of principal crops
1500	36	475

gence Government of India. This means that more than one-fourth of the gross produce of the cultivators goes to the non-cultivating class only in the form of interest charge! The total land revenue of the Government of India is nearly 35 crores; the annual interest charge on the agricultural indebtedness amounts to five times the Government's land-tax!

Position in the Maharashtra.

In our enquiry we found that the conditions in Maharashtra are in no way different from those in the rest of India. But whereas the cotton growing tracts of East and West Khandesh were the most indebted, with the district of Nasik second in the line, the remaining districts are a little less burdened. The growers of purely commercial crops naturally suffered the most from the slump in prices.

The village of Dalwada (West Khandesh), with a population of 700 and paying a total land revenue of nearly Rs. 4000, for which the most detailed and the most reliable information was available, has a total indebtedness of Rs. 85000 carrying an annual interest charge of Rs. 16,000, i. e. four times the annual land revenue. This is fairly representative of the district, and also of the Presidency where commercial cultivation has come to stay.

Causes of Indebtedness.

Let us examine the causes that go to make from this indebtedness. It must, however, be remembered that the assignment of proportions to different causes is an extremely difficult task and is at best an intelligent generalisation from the examination of a few typical cases. It is usual with economists to divide the rural indebtedness into two categories, productive and unproductive. The adoption of these categories from the science of public finance is hardly justifiable or useful and is likely to prove misleading. A certain amount of odium is associated with the word unproductive, and when we are told that a large part of the farmer's debt is unproductive, we are apt to conclude that for this the blame must lie on the shoulder of the farmer. What the categories actually signify is the proportion of debt which is incurred to equip the industry and that incurred for purposes not likely to yield any recurrent benefit. This explains the classification of debts incur-

red for seed etc. into the category of unproductive.† On a close analysis of the items, we find that only a fraction of this so-called unproductive debt is incurred for marriages or like festivals and could be attributed, if we are so inclined, to the improvidence of the Indian peasant. If the items that constitute the total debt are regrouped so as to differentiate between those that are traceable to the objective economic conditions and those that have to be attributed to purely subjective causes such as extravagance or improvidence, we will get a much better insight into the state of agricultural indebtedness. We will group the items of debt from a few authoritative analysis into three different categories, (a) incurred for obviously productive purposes such as purchase of cattle or agricultural implements, (b) incurred for non-productive purposes but strictly incidental or auxiliary to the business and (c) incurred for unproductive purposes such as marriages and other ceremonies, indicating improvidence.*

Regrouping the items given in the 'Economic Survey of Bhambu Sandila' published by the Punjab Board of Economic Enquiry, we get the following results.

(a)	(b)	(c)
Productive	Non-productive	Non-productive
27.4%	60.6%	12%

Regrouping the "Analysis of loans made by the Co-operative Credit Societies of the Punjab" given in their 1932-33 Report, we get ;

30.06%	43.19%	14.31%
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Regrouping figures given by the Bombay Provincial Banking Enquiry Committee, we get :

27.4%	60.6%	12%
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The figures speak for themselves. They explode the myth that most of the debt is due to the "ingrained improvidence" of our cultivators. It was a clever device to mitigate our hatred for the intolerable economic conditions by transferring it to the

† Report of the Bombay Provincial Banking Enquiry Committee.

* Litigation has been included in group 3. A portion of the figure for repayment of old debts has also been included in group 3.

shoulders of our peasantry. As the figures tell us, from 50% to 75% of the indebtedness is solely due to causes over which the farmer has no control.* These facts should warn our village workers against inordinately emphasising improvidence as the cause of the farmers' troubles and thus adding insult to injury. The occasional extravagance is to our mind nothing more than a psychological reaction against persistent day-to-day physical and emotional starvation.

Rate of Interest

There is no difference of opinion on the subject. The rates of interest are universally admitted to be high. The only difference arises from the fact that the Sawkar or the money-lender says that they are high but not unreasonable in view of the great risk involved in financing the insolvent cultivators. No amount of investigation can enlighten us as to the proportions of risk-insurance and of extortion in the high interest charges. The report of the Deccan Riots Commission provides a sickening testimony of the predatory nature of the money-lenders' business. Several laws passed in almost all the provinces of India to control and regulate his business are no compliment to his integrity. That this entire class has lived on and amassed fortunes through this business, monstrously disproportionate to its functional social value, cannot be denied.

In our investigation we found that the rate was never less than 12%. The practices of *Savai* (25%) and in large areas, of *Didhi* (50%) are almost universal. The interest on grain-loans is invariably very high. We, however, especially want to draw the attention of the M. P. C. C. to the system of 'Jalap.' This system is widely prevalent in the Bhil tracts of the West Khandesh. When the needy Bhil wants to borrow before the harvest, he agrees to deliver a certain quantity of his produce when harvested. In

* "The origin and growth of their debts are both due to insecure crops. Did the farmers account with the bank balance at each harvest, there would be no debt, but even if over a term of years the incomings and outgoings of grain are equal, the farmer will always be in debt." Anderson quoted in the 'Survey of Bhambu Shandila', Punjab Economic Board.

return the Sawkar pays him a loan calculating the amount at a ridiculously low price for the produce. As a matter of fact, he buys up a portion of the crop at something like one-half to one-third of the prevailing price. The rate of interest on Jalap loans works out at 100% to 300%.* This extortion is openly practised on a large scale, and, what is surprising, without the least sense of guilt.

Remedies :

What remedies do we suggest to save this sinking ship ?

First and foremost, as a first-aid measure, till the debts come within paying capacity, complete moratorium for payment of interest or repayment of principal; no suit shall lie in any Court for enforcing the claims of money-lenders.

When we know that the peasant has fallen prostrate, the policy of the "open ring" is nothing short of fatal. To allow the money-lender the usual recourse to law for enforcing his claims against the peasant whose pride has been humbled by world depression, which is beyond his comprehension and his control, is neither law nor order nor good government. It is perhaps natural that the Government which under its emigree Finance Minister considers it a sacrilege to raise even a finger against the devastating impact of depression--perhaps all economic institutions including the depression are according to our classical Finance Member not only spontaneous but beneficial--has not thought it fit, for weighty consideration of State policy, to prevent the creditor class from exacting its pound of flesh. According to Government's own admission, there is no surplus grain left with the cultivator from which to fulfil his contracts which are inviolable at law.

But, we submit, it is as civilised to grant moratoria and allow token payments in times of distress as it is to uphold the

* The following account was given to us by the villagers of Budhaval, taluka Taloda, District West Khandesh. The account was admitted as correct by the Sawkars of Taloda. "Villagers have borrowed at the rate of Rs. 3 for the promise to deliver one *Mond* of *Kapas* on harvest, when the ruling price of *Kapas* was Rs. 8 to 9 per *Mond*."

rule of law and the sanctity of contract. Under stress of financial breakdown, no less a civilised country than Great Britain has availed itself of this device ; and unless one's concepts of honour, civilization and good Government become more delicate under the tropical climate, one fails to understand why the Government of India has not thought it fit to introduce in every province legislation for declaring a moratorium of all payments regarding the cultivators' debts during the period of his enforced and unforeseen insolvency.

Secondly, Debt Redemption Boards should be appointed to reduce the unbearably heavy burden of the huge debts. As soon as this is done, moratorium should come into effect. Justice demands that the quantity of debts be scaled down to a level in keeping with the new price-level. When the farmer borrowed say a hundred rupees, the value of those hundred rupees in terms of commodities was much less than their value to-day. The prices have fallen, the value of the rupee has increased. A rupee buys to-day more than twice of what it bought five years before. To maintain, therefore, *status quo ante* depression, the quantum of debts must be reduced. The money-lenders should not grudge this, because even with this reduction they would get as much in terms of purchasing power as they lent when the debt was contracted.

But this scaling down is not likely to bring the amount within the paying capacity of the farmer. Appraising the position as it exists, we do not think that it will do. It is our firm belief that the quantity of debts must be brought down within the paying capacity of the farmer. It will be noticed that here we do not take our stand for reduction of the debts as being unscrupulously inflated. We want to assail them from the most pragmatic point of paying capacity. The Debt Redemption Board will no doubt examine the authenticity of each transaction. The demoralising effect of being irretrievably involved in debts is easy to understand. The knowledge that all the surplus of his efforts is doomed to be devoured by the money-lender is hardly conducive to his putting the best in producing it. Besides, what is the use of a debt which is never likely to be redeemed ! These un-redeemable debts, by accelerating the transfer of lands from agri-

culturists to non-agriculturists or the swallowing up of the smaller by the bigger landowners, create a new burden of rent for the new tenants. They turn the peasant proprietors into tenants at will.

A large number of Governments have resorted to these debt moratoria and debt redemption schemes. In our own country, the Central Provinces Government put a scheme in operation in 1933, and the Punjab Government has formulated one only last year. The Indian State of Bhavnagar was perhaps the first in the field, and as a result 40% to 60% of agriculturists' debts were wiped off as being beyond their paying capacity, and what is still more important, the State took over all the remaining debts, thus freeing the agriculturists at least for the time being from the burden of the high rates of interest charged by the money-lender. These experiments make our task easier and we will content ourselves only by suggesting some improvements in the debt redemption machinery. In the first place, the Boards unlike in the C.P. must be given powers of enforcing compulsory conciliations. The act should lay down the criteria that should guide the Conciliation Boards in scaling down the debts. One of the important criteria must be the paying capacity of the debtor. Once the burden of debts becomes a little lighter, the functioning of the co-operative mortgage banks, which according to us should take over the debts, will become considerably easier. Congressmen all over should prevent the bank machinery from falling into the hands of reactionaries or selfish men. And once the problem of long term credit is eased a bit, it will facilitate the co-operative financing of short term or seasonal requirements of the farmers. A strong co-operative credit system aided by co-operative mortgage-banks and co-operative sale-societies ought to prove a strong rival to the private money-lenders and thus keep his business within non-usurious bounds.

It must, however, be remembered that freeing the agriculturist from his present debts does not at all end his problem. Assuming we give him a clean start, the fundamental unsoundness of his industry and the same predatory credit system will soon enmesh him into the web of new borrowing and new debts. Until we are able to put the agricultural industry on a sounder solvent footing and put the credit system on a more systematic basis and

if needs be on an impersonal basis, no lasting good can come out of the wiping off of the present debts. The former is the question, as we have said, of prices from above and inelastic costs from below, and the latter of over-hauling the credit system. We will be told that these changes must needs be slow. We do not see why. To a mind accustomed to the red tape of an unbending, unsympathetic, alien Government, which has viewed all change as a challenge, it is no wonder if these remedies appear difficult to achieve. To the nations, however, whose Governments are formed to regulate the body politic and not to rule over them, and which move not with the imperialist urge alone but with the pulse of the people, there is nothing in these remedies which will take time to accomplish. In fact more than one among the Eastern and Western countries have resorted to them during periods of emergency.

We should not, however, rest with this negative corrective for the money-lender's business. A system of licensing the money-lenders, as recommended by the Bombay Banking Enquiry Committee, should be adopted without delay. The money-lender must be compelled to keep proper accounts, and provide his clients with a statement of their accounts at regular intervals. Heavy penalties should be inflicted for offences in the nature of exploiting the peasant by taking advantage of his weak position. These are strong measures. We regret our inability to prescribe a sweeter medicine. If we are sincere in our desire to grant relief to the poverty-stricken peasant and put him again on his feet, and do not want to mince the matter and hide our inaction behind facile platitudes, our remedies will have to be strong. Yet let us emphasise the fact that hardly is there a civilised Government in the the world which has not put one or all of these measures into operation.

We will content ourselves by quoting an extract from the League of Nation's World Economic Survey for 1934-35. The report says "There has been a considerable adjustment of agricultural costs in practically every country.....There has also been a great variety of measures passed to relieve farmers particularly of their debt burdens. It is impossible in a brief space to describe these measures which in one form or another have been adopted in almost every country. In general they have

aimed at relieving farm indebtedness either by conversion by farm mortgages, by *forced reductions* in mortgage interest, or by moratoria of debt payments. For example in Belgium a law was passed in July 1933 empowering the Courts to postpone mortgage debt payments. From June 1933, auction sales of farmer's property were suspended in Czechoslovakia. In the U. S. A. there was a good deal of refinancing of farm mortgages by new Government agencies and the Frazier Lemke Act imposed virtually *complete moratorium* of farm indebtedness. In Italy and Germany there was *wholesale conversion* of farm mortgage debt. Interest rates of 6 per cent or more were cut down to 4½ per cent by the German Law of January 24, 1935. (In Italy the rate was fixed at 4 per cent in August 1934). Such conversions affected mainly mortgage bond issues and the amounts directly concerned were not large. The general *lowering of the rate* of interest, however, combined with the *legal facilities* offered to farmers to make new debt contracts, gave a great measure of relief. An interesting example of *large-scale adjustment* is provided by the New Zealand Legislation of 1934-35. The main features of this legislation are the provision of machinery under the Rural Mortgageors' Final Adjustment Act for the *legal reduction* of farm debts above the basic values to be determined by Judicial tribunals, and the consolidation and *widening of state lending* activities by the creation of Agricultural Mortgage Corporation. The former provides legal processes analogous to bankruptcy legislation without involving the debtor in total loss of his farm. The latter concentrates the lending activities of the Government under the control of a public utility corporation."

A list of relief measures adopted in the United States makes an inspiring reading. They are scheduled below :

1. Refinancing of farm mortgages (\$100 million.)
2. Home Owners Loans Act.
3. Agricultural Administration Act.
4. Emergency Farm Mortgage Act.
5. Farm Credit Act—to finance Co-operative Marketing Association.

6. Federal Surplus Relief Corporation—to purchase agricultural and other commodities so as to relieve hardships and suffering caused by low prices and to adjust severe disparity between the prices of agricultural produce and other commodities.

7. Commodity Credit Corporation—to buy, hold, sell, lend upon, or otherwise deal in, such commodities as may be in the interest of Recovery Programme; has allotted \$850 million for loans on corn stored on farms.

It is estimated that all this has caused an increase in the farm income of more than \$1000 million.

Can the Government in India claim to have caused an increase of a single rupee in the income of the Indian farmers? Even the Finance Minister Sir James Grigg with his bumptious non-chalance has not dared to make any such claim. Has the Government declared *any moratorium* of immediate payments? Has it *forced any reduction* in interest-charges on mortgage and other debts? Has it empowered the Courts to postpone or suspend debt payment? Has it tried conversion in debts at a cheaper rate of interest? Has it introduced compulsory debt conciliation? No. And why? Is it because India does not need any such relief, being quite prosperous, or is it because the Government does not care to relieve distress and is content to rule by brutally repressing all cries of agony and whispers of discontent? All that it has done is to pass a dozen or so thoroughly futile so-called Agriculturists' Relief Acts through some of the Provincial legislatures! There is, however, no quarrelling over the fact that one and all are dead letters by now. The trouble is that the agonies of the Indian masses are never reflected in the policies initiated by an alien Government and an irresponsible bureaucracy. If the machinery of Government were at all sensitive to their miserable conditions, it could not have remained so provokingly complacent and aloof.

Hardly a week back, after six years of devastating depression, the Bombay Government Gazettee has published the text of a non-official bill providing for the setting up of Debt Conciliation Boards. "The object of the Bill is to relieve (*sic.*) the agriculturists of some of the burden of the debt which unfortunately

bears very heavily upon them at present". After the statement of this tall and noble object comes the anti-climax "The Basis of the Bill is voluntary agreement." It is not incumbent on creditors to agree to any composition. The Board, if satisfied of the claims, may issue a certificate to console the debtor that his grievance is just. As if to compensate for this great concession, the Bill provides for a summary procedure for recovery of amounts under agreements as arrears of Land Revenue in the event of default by the debtor !

What is the propriety of legislation which leaves the composition to voluntary agreements ? What relief can a Board nominated by the Government give when it has not the power to give any award ? The Bill does not lay down even in principle that the debts need to be scaled down ! They must, in justice, be scaled down, and that too with expedition.

A hope is sometimes expressed that the present world-depression will soon be followed by a trade-recovery, which will wipe off the indebtedness of our cultivators. We do not believe that any *radical* or *permanent* improvement in the economic condition of the world is likely to take place under the present economic system. Even supposing, however, that such a trade recovery takes place, it is obviously not going to relieve, to any appreciable extent, the extreme indebtedness of our agriculturists. The problem will have to be dealt with in the manner recommended by us.

CHAPTER VIII.

Marketing.

Nowhere in India is marketing of the agricultural produce organized and Maharashtra is in no way an exception to this. We cannot in a report of this kind sufficiently emphasise the importance of marketing to growers of the crop. Since the introduction of money-economy what matters to the grower is not so much the quantity or quality of the crop grown but its money-value. Laymen are apt to argue : will not the farmer naturally get more if he grows more ? They must know that it may not be necessarily so. Prices of most of the commodities grown by the farmer are determined from above. The farmer being generally the residual claimant, the cost of marketing falls on his shoulder. It is he who primarily suffers for all the sins of commission and omission on the part of the middle-man. The functions performed by the middle-man are no doubt unavoidable and are positively useful. But this does not mean that they are performed most cheaply and efficiently. Though the functions of the middle-man cannot be eliminated, the chaos and the high cost can and ought to be eliminated. More important than the cost, however, is the chaos. In some trades, like cotton for example, the margin of profit is low, and often nil and negative, due to cut-throat competition amongst the traders. But this is no cause for satisfaction, for these low margins have induced the traders to resort to many malpractices in the process of marketing to make the business remunerative. The evil of mixing and watering cotton is the direct out-come of reckless competition which is as much a bane of the individualistic economic system as monopoly. These mal-practices have a disastrous effect on prices. The primary producer has thus to suffer for the sins of the middle-class middle-man making frantic efforts to eke out a living by hook or crook.

But not in all trades is competition so keen. For example, even in case of crops that do not go to an organised central market and are sold locally or in a nearby town, the cultivator does not get the full consumer's price. The charges of middle-men in the marketing of many commodities, e. g. fruits, are very high.

As it is, to-day the growers' produce is never graded. Space permitting, we would have shown that a tremendous loss thus entails on the grower. Proper premiums for better varieties are unknown. It is idle to expect the grower to grow better varieties, exert and spend more on it, when no reward is forthcoming for his efforts. In cotton, the callousness of the trade has become so intolerable that the Agricultural Department, whose work it is to encourage the growth of better varieties, in disgust reverted to the distribution of short-staple seed.* Nor would the space permit us to unravel the mysteries of organized central markets (speculative markets, we may say, in popular terminology) and their effect on the price structure. It is unfortunate that to-day there is not a single studied publication in India on this most vital problem of the price system. The mischief that the Bourse is capable of producing if left uncontrolled is so great that it may destroy within a day all the steady good work of years done in effecting economies in the cost of marketing.

To-day the farmer is so ignorant about the business aspect of his industry that he thinks that his function comes to an end as soon as the crop is harvested. He has little idea of what a variety of processes and experience his crop has to undergo as it goes to market. He has little idea that people make and break fortunes over his crop. In the modern world much of the marketing of the farmer's crop has become a specialised job, and the share of the agriculturist in it is artificially cut down. In the U.S.A. the farmers themselves get their Kapâs ginned. Large co-operative sale-organizations of the farmers do all the marketing including export. The California Fruit Growers Association has international reputation for their excellent marketing. There is no reason why in India co-operative organizations of farmers should not be able to market their produce all by themselves. In Maharashtra we have one or two co-operative sale societies for cotton in Khandesh. These are little better than ordinary commission shops, for they neither grade, nor pool, nor gin the farmers' cotton.

Co-operative marketing is a logical corollary of co-operative credit and one without the other must remain weak and ineffec-

* Report of the Indian Cotton Committee, Evidence, Volume IV.

tive. Development of co-operative marketing in India—Maharashtra being no exception—is negligible. Nor is our conception of the co-operative scheme comprehensive. It is not mere substitution of private by co-operative effort that is aimed at; in the co-operative pattern the whole quality of marketing has got to be different. The object being to secure for the farmer as much return from sale (and not to make as much profit from it) as possible, the co-operative Marketing Agencies will have not only to market the produce of their members collectively, but they will also have to market it better by introducing the system of grading, pooling and processing wherever necessary; e. g. ginning—in case of cotton—and ware-housing. Then and then only will they be able to attract customers and serve them, offering a powerful rival to private agencies and at the same time working for their gradual elimination. Any success in procuring a better return to the agriculturists for their produce will bind them to us more steadfastly than any merely emotional tie.

CHAPTER IX.

Subsidiary Industries of Maharashtra.

The character of agriculture all over the world is determined in the last resort by the conditions of rainfall. Where rainfall is heavy and comes in periodical showers, the land is strewn with patches of crops chequered yellow and green and the agriculturist is busy throughout the year. As soon as he reaps one crop the time arrives for sowing another and no time is wasted in idleness. Where rainfall itself is not equally distributed over the twelve months of the year, facilities for irrigation make up the deficiency. But in Maharashtra both these conditions are comparatively uncommon. The south-west monsoons on which we depend for our rains blow only for about four months, and the showers we get are extremely heavy in one part and scanty in the other. As for irrigation, very little has been done and the Government have been indifferent to the interests of the cultivator. Naturally, the situation at present is that agriculture, on which the majority of our population depends for its living, does not give employment all the year round. There are large portions of the province in which the Kharif crop, which is reaped at the end of the rains, is the only crop of importance, and when this crop is harvested there is a scarcity of employment for the cultivator till the break of the next monsoon.

This period of idleness, during which the cultivator has no agricultural operations to perform, occurs at intervals and varies in different parts of the province with the conditions of soil, climate and rainfall and the methods of cultivation. Where the rain is scanty and the soil unretentive—as in the Deccan—only one crop can be grown, and the farmer is in such regions almost without any work for about three or four months of the year. Where rainfall is comparatively heavy and soil retentive—as in the districts of Khandesh and the Maval tract—two crops can be grown. The places where the motor-truck has not displaced the bullock-cart yet, the farmer can employ himself for a longer period, after the usual agricultural operations of the year are concluded. Mechanisation of transport added to the fragmentation

of his holding leads to an even greater degree of chronic or fluctuating under-employment.

In the dry tract of Maharashtra, where facilities of irrigation are very limited, a farmer with a holding of 20 acres, which is much above the average, has a full eight hours' daily work for only about six months in the year. During the interval of idleness which follows, his farm needs one or two harrowings, but they are carried out either by grown-up boys or by old members of the family who are not regularly engaged in agricultural operations. Therefore, after the crop is harvested, the agriculturist goes away in search of employment, either in a ginning factory in his neighbourhood, or to some industrial centres like Bombay, Sholapur, Barsi, Jalgaon, etc. to work in the cotton mills; or he becomes a migratory seasonal labourer in the Sugar tract, or takes up some transport work near his village. It is possible for him to do this because his interval of idleness is much longer than that of his colleague in the Khandesh or the Maval tract. But these sources of employment are very limited. In the first place they are available to those farmers only who are in the vicinity of the factories, and secondly the capacity of these factories to employ labour is of 200,000 persons at the most.

In the Khandesh districts and the Maval tract, where two crops are grown, the period of idleness is lowered to about three months or so and the period is not continuous. The sources of employment which are available to the cultivators of the Deccan and Konkan are therefore not available to the cultivators of these tracts. In the absence of a suitable occupation, they generally spend their intervals of enforced idleness in unremunerative pursuits, and often go on foot for hundreds of miles on pilgrimage.

On the whole, the cultivator of Maharashtra is without any work for about a hundred to hundred and fifty days spread over the whole year, and that too when he is in possession of a holding of average size. However, since about 40 percent of the holdings in Maharashtra are below the average size, our problem acquires greater significance. How to avoid this annual waste of human energy has become one of the major problems of our agriculture. The only solution which immediately suggests itself is to provide

the agriculturist with some subsidiary occupations that would engage him during the off-season and supplement his income. This subsidiary occupation must be such as will neither require his continuous attention for more than a fortnight at a stretch nor compel him to leave his village. The subsidiary occupation must not involve any material investment of capital whether for plant or for current finance, and the product must be easily marketable. All these conditions, it is easy to see, do not leave much scope for the farmer's effort. The development of such industries is inconceivable except under the protection and encouragement of the State.

At present there is no special industry worth mentioning which is taken up by the farmer of Maharashtra mainly as a set-off against his enforced idleness. Many of the industries which some enlightened cultivators have introduced into their cottages are essentially full-time occupations followed by some special castes, the survivors of the ancient village economy. Handloom weaving, knitting, dyeing, soap making, carpentry, smithy etc., are a few of the industries of this kind. But besides these there are others, like dairy farming, Bidi-making, rope making, basket weaving, hand spinning, poultry keeping, fishing, sheep grazing etc., which are predominantly followed by agriculturists though on a very very small scale, and hence can be said to be subsidiary to agriculture. None of these, however, has been developed by the cultivator to any very great extent so as to yield him a handsome supplementary income.

As with cottage industries in general, the main difficulties in the way of developing subsidiary industries are those of finance, marketing and instruction. The heavily indebted agriculturist will not be able to take up such paying industries as bee-keeping, poultry keeping, dairy farming etc., unless he is provided with adequate cheap finance. So also these industries will not flourish unless the cultivator is given a scientific training in all their processes on modern lines, and provisions are made for marketing their products. All these problems are of great magnitude and are further complicated by the indebtedness of the agriculturists. This is, therefore, a field where comprehensive remedies alone would be useful.

We, however, need to remember that to-day the scope of the agriculturist's work is artificially restricted. With the growing complexity in the methods of marketing, the agriculturist delegated all functions beyond those of primary production to a separate class of middlemen. This resulted in an artificial increase of leisure at his disposal. In a proper scheme of marketing, many of these functions ought to be performed by the agriculturists themselves through their own organizations. The work of the farmer does not, and ought not to, come to an end when the crop is harvested. He has also to prepare it for market. It is a strange irony that he should be sitting idle and hungry, generously foregoing the highly productive work of preparing his own crop for the market. As we know, every crop has to undergo a series of processes before it becomes fully marketable. There is nothing inherent in these processes which would make them impossible to be undertaken by the farmers. Besides lessening the cost, some of these marketing functions will go a long way in reducing the hours of their enforced and unproductive leisure. Before we start the search for subsidiary industries, it should be our concern to expand the scope of his very primary occupation in agriculture and make it productive and profitable. This primary occupation has to-day fallen on evil days, and unless this main prop is made strong and sustaining, no amount of subsidiary props will prevent the edifice from tumbling down. The first and the foremost task before our village-workers, we humbly submit, is to-day to extend all help he can to the farmer to make his primary occupation paying, by arranging for co-operative cultivation, co-operative credit, and co-operative marketing, and at the same time by agitating for drastic reduction in rent, revenue and interest charges. We have criminally neglected this aspect of village-work, taken the sad state of agriculture for granted—or at least, regarded it as beyond the pale of immediate practical politics. We cannot hope to win the confidence of the villagers if we adopt the policy of hush-hush on these fundamental problems, and go on harping on subsidiary problems.

It must be remembered that the development of a subsidiary occupations cannot by itself correct the basic instability of the farmer's balance-sheet. It is a common sight to see the milch cattle of an agriculturist being auctioned for his debts acquired

during years when the farms work at a loss. The assets of an insolvent can never escape distraint or attachment. We know of literally hundreds of agriculturists who have come to look upon their lands as a curse. If the subsidiary industry begins to pay a steady income, it will soon come to be looked upon as the chief source of income. Thus one is forced to the conclusion that a diseased system cannot have one healthy limb.

Khadi-work or other similar non-mechanised work is not strictly speaking a subsidiary industry at all. It is in the nature of famine test-work. The propaganda of production for use as opposed to production for a market stands on its own ground and must not be confused with the commonly understood connotation of a subsidiary occupation. There is much scope along this line for humanitarian effort. But a dole can never become a wage.

Thus the subsidiary industries are capable of offering a supplement to the meagre income of the cultivator only if the State in co-operation with the Co-operative Department works out a comprehensive scheme for current finance and marketing. What Khadi has been able to achieve has been really very valuable. But it is more in the nature of an unofficial unemployment insurance project than a strictly subsidiary industry.

CHAPTER X.

Irrigation.

The productivity of land depends almost as much on the quality of the soil as on the facilities for a regular supply of water. Maharashtra may be divided into three clearly marked sectors from the point of view of the amount of rainfall. Thana, Kulaba and Ratnagiri have all a plentiful supply of rainfall, and these three Districts and one or two Talukas in the Poona and Nasik Districts are mostly suitable for the cultivation of rice. The second sector is that part where rainfall is less plentiful but more regular and timely and varies between twenty to thirty inches. This second sector is also, like the first, not liable to any recurrent famine danger. In this class come the East and West Khandesh and portions of Nasik, Poona and Satara. But the third class is positively and notoriously a famine tract. Rainfall varies round about twenty inches here, and its vagaries have made cultivation a precarious business. Ahmednagar, Sholapur and parts of Poona and Nasik and a small section of the Satara District belong to this class. Here we can justly say that the rains are so irregular as to make our agriculture truly a mere gamble with the monsoon. This tract was subject to recurrent famines several times during the last fifty years*.

With a view to afford greater stability to agricultural operations in this tract, canal construction was undertaken in Maharashtra on the Krishna, Mutha, Nira, Godavari and Pravara. The earliest canals are on the Krishna (1882-84) and Mutha, and the later ones are on the Pravara and Godavari. The question that interests us in the canal-irrigated area is to enquire whether productivity has increased in the tract, and how far this has brought prosperity to the cultivators in the area. It is also necessary to observe the repercussions of this increased prosperity on the adjoining areas.

Certain facts strike the eye even of the most casual observer of agricultural conditions in this tract. This is the only area where capitalist farming has made its appearance in the Province.

* 1895-96, 1900-01, 1907-08 and 1918-19.

Farms of a thousand acres and over have grown up, cultivated according to all the modern methods and managed like our industrial concerns on a commercial basis. The tractor has made its appearance, and with it all the latest chemical manures and new and improved strains of crops. All this has had a salutary effect on the productivity of the land. The reason for this sudden transformation is not far to seek. Very early after the Nira canal was constructed, it was realised that the area under the canal is specially suited to the cultivation of sugarcane. One by one as the canals were constructed, the area was brought under sugarcane cultivation. During the year 1925-26, when the average price of Gul touched Rs. 60 per palla, no propaganda was needed to demonstrate the advantage of sugarcane cultivation. And the area under cane shot up from about 3000 acres (in 1883-84) to 28000 acres (in 1930-31). The rising prices of Gul transformed the whole area into a commercial crop area, and among the various crops the sugarcane was found specially profitable.

But the situation was not free from dangers which were not realised either by the land-owning Bagaitdars or by the state. In the earlier years of the canal, productivity was quietly increased by over-watering the crops. But such a course exhausted the natural fertility of the soil, and the new class of Mali Bagaitdars moved from one canal to another and a newer one, reaping a rich harvest, but leaving behind them a sorry legacy of their greed and unscientific methods of irrigation. It was to meet this danger that the Irrigation Department introduced the "Block" system, so as to allow each strip of land to be saved from cane cultivation for two years after every cane crop. But provisions for drainage were not enforced with care, this resulting in soil-erosion and water-logging over extensive areas*.

Each canal to-day has this unwholesome legacy of lands wasted by the folly and greed of Bagaitdars and the careless-

* If their (Bagaitdars') excessively wasteful methods are imitated in deep soils, the lands become saturated; but most of the damage has undoubtedly been due to percolation from shallow fields on the ridges. Where perennial irrigation of sugarcane is allowed, the sub-soil water—which is brackish in deep soil areas without natural sub-soil drainage—gradually rises until it reaches to within 4 feet or less of the surface. Salt efflorescence then occurs.

ness of the Irrigation Department. Over-watering was not prevented in time, with the result that thousands of acres of land were laid waste everywhere. The table below will give an idea of the extent of the damage on the three canals, Nira, Godavari and Pravara.

Fully damaged area in 1930:

Nira Left Bank	....	...	13,962 acres
Godavari L. and R.	...	...	17,043 (1929 figures)
Pravara L. and R.	...	...	12,415 acres

Total area	...	...	43,420 acres

An equal area is also partly affected and the damage is still extending.

Thus the first lesson of prosperity is that it is not an un-mixed blessing, and that the State must not only wait and watch but must vigourously interfere and lay down the conditons under which alone facilities will be provided. We shall deal with some positive remedies at a later stage. For the present, we must note the other side of the picture, of which one side is shining with all the glitter of the present sugar-boom.

But there is another aspect of this problem of damaged lands which is the worst possible comment on the Revenue and Irrigation Departments. It is now for years that certain lands are damaged in this fashion. The lands have become totally unfit for cultivation and whole villages have become marshy bogs of Malaria and worse. All the same, no revenue compensation is granted to the poor land-holders, and under the threat of all the penal clauses, revenue is regularly realised year after year. Petitions, complaints, deputations, representations, all have proved to be of no avail. This is a measure of official callousness, and not of red-tapism alone. To illustrate the position by a few typical examples that have come to our attention, we may point out the cases of Undirgaon, Malwadgaon and Mutha Wadgaon, all of them near the Belapur Sugar Factory. Whereas the canal has brought fat dividends to the shareholders and managing agents of the company, the poor cultivators who have

laboured on the lands for generations together have to accept the wage slavery of the new neighbour—the Company, and out of the miserable pittance they earn on the factory-farms, they have to pay the State revenue for lands that they cannot cultivate at all, for houses that are ruined by subsoil moisture, and for the heavy toll of illness due to these unhealthy conditions. We have also known similar cases on the Godawari and the Nira canals. And it is a shame that inspite of all the letters that have appeared in the press on the subject, the State has not moved an inch in the matter. If ever there was a just case to sue the State for compensation, it is here.

Two things are obviously indicated to meet the evils :

(1) A fresh survey of the irrigated area for measuring the extent of the damaged area under each canal, and the granting of revenue remissions and retrospective compensation to these land-holders.

(2) The inauguration of a system of compulsory drainage throughout the whole area, planned by the Irrigation Department.

Efforts to reclaim the damaged area by soil research etc. may also be useful as a positive effort at reconstruction. With the advantage of a stable supply of water, cultivation is positively profitable, provided the land is normally satisfactory. Crops must be varied and experiments conducted to bring the lands once more under cultivation. Something is being done in this direction, and partially damaged lands are being reclaimed in this manner. But much more is still to be done. As another token of criminal neglect on the part of the State, we may also note in passing that water-logging always has a very disastrous effect on the health of the population. But the State has done next to nothing to offer the villages suffering from the evil effects of faulty irrigation relief from illness or preventive measures. This, on the top of unusual zeal in the collection of revenue from totally or partially unproductive lands, is too preposterous even to appear plausible under any civilized state that brags of its efficiency. But the facts are undeniable and we have satisfied ourselves of their veracity.

The second aspect of canal-irrigated agriculture is the development of capitalist commercial farming on a large scale. This has pushed up the productivity per acre, and has been responsible for a good deal of improvement in the technique of cultivation. But this increased prosperity has not stopped the pre-canal landholders from becoming mere wage-slaves depending on the factory-farms for their entire subsistence.

As soon as each canal was opened up, there was naturally a scramble for lands along the canals, which led to a certain amount of transference of ownership. But the Saswad Malis, who first stepped into the field, rented the lands from the original holders. Some of the original landholders also imitated the Saswad Malis and changed from Jawar and Bajra or Cotton to Sugar-cane cultivation. But the deferential margin between a farm properly manured and one without such manuring is very appreciable. Besides, rising profits made for better methods which promised increased productivity. Thus the unit of cultivation gradually began to increase. Land-rents increased rapidly, and in the hope of increasing profits many lands were purchased or rented by the new class of Bagaitdars from Saswad and elsewhere.

But this tendency received even greater impetus when lands were acquired on the Pravara canal near Belapur Station by a joint stock company, partially owned by Indians and completely managed by an English business concern. The use of the Land Acquisition Act to wrest the lands from the poor small cultivating peasants seems hardly fair. However, nearly 10,000 acres of land was thus concentrated in the hands of a single holder. On the same canal, another concern of the same type has grown up which has taken the lands on a 30 years' lease and thus acquired about 5000 acres of lands. Over and above these two, there are nearly 12 to 15 other capitalist farmers on the Pravara and Godavari canals, who each own or hold on long lease 1000 acres or more. This concentration of lands has put the smaller Bagaitdars at a terrible disadvantage, and these smaller holders have the prospect of a hard fight before them.

To mention only one factor among many others, we may point out that on the Nira as well as on the Godawari and Pravara, sugar factories have sprung up of late to take advantage of

the protection to Indian sugar. Unlike the U. P. sugar factories or other concerns in Behar and elsewhere, though our factories have smaller plants, they try to produce their cane on the factory-farm. The output per acre and thus the cost of production per ton on the factory-farm is appreciably lower. Since the introduction of improved strains of cane, the factory-farms have completely discarded the older varieties (e. g. Pundya). But the newer type is too tough for the usual animal-driven cane-crushers, and can only be tackled properly by a power-crusher. So the large farms equipped with power-crushers go in for the newer and more productive varieties, whereas the smaller Bagaitdars needs must go on with the older strains and thus suffer from the dual disadvantage of low productivity and high cost of production.

Has the state done anything to foster (1) Co-operative cultivation or (2) state-aided power-crushers? The answer is in the negative.

Thus the normal tempo of commercialized cultivation is pushing the small Bagaitdars to the wall and the State is aiding and abetting in the process. Lest we may appear to be afraid of the machine or wishing to free the country-side from mechanised agriculture, we must frankly state our view that wherever the conditions are in favour of a profitable extension of mechanisation such an extension is almost inevitable. But we submit that, left to the automatic factors, there is sure to be much suffering in the process. A whole generation is forced to pay the price of progress, of which the fruits are gathered by the lucky and the grabbing few. Paternal conceptions of Government must be translated into practice in order to mitigate the hardship of this transition and protect the weak and the ignorant.

Lands were acquired by the Government for the benefit of the Belapur Company. The share of the Company of Rs. 100/- (Rs. 50/- paid) rose in value to about Rs. 384. Thereafter the Company gave one additional share gratis for every share held. The present value of the share is about Rs. 216-8-0, so that the original investment of Rs. 50 is now valued at Rs. 433! And the original land-owners whose land was compulsorily acquired have received not a pie of this profit. What have they got out of the bargain?

Two important issues have to be faced in connection with this problem of protecting the interests of the small Bagaitdars.

Recently, on the Godavari and Pravara canals, there is a good deal of talk about the reservation of a tract as Factory area. As the Deccan Canal area is found to be pre-eminently suited for the cultivation of sugarcane of a high quality, the Government wants to encourage the development of sugar factories, and hence the new plan of reserving the water for factory-farms alone. This will wipe the small Bagaitdars out of existence at a blow, whereas the present process is slow and veiled. We were first informed about this plan by one of the bigger Bagaitdars who had a "stable tip" from the Irrigation Department. In view of our earlier observation that canal construction was undertaken for the avowed benefit of the famine ridden small farmers of the area, later administrative policies of the Irrigation and Revenue Departments have clearly gone entirely contrary both to the spirit and the letter of the earlier promises; and if the latest plan comes into effect, it will be the completion of the original peasant's character of slavery. This measure is thoroughly unjustified, and is sure to arouse a storm of protest.

Secondly, a point of distinction between the capitalist farmers—the companies and the bigger Bagaitdars—on the one hand and the poor small Bagaitdars holding 30 acres or less on the other, is that the former have direct access to the biggest officials of the Irrigation Department and can use their influence to lubricate the administrative machine of the Department. The small Bagaitdar is constantly afraid of the petty officialdom and has (if our evidence is at all any indication of the prevailing conditions) to pay tips that the water may flow "without trouble" when wanted. Complaints of petty corruption are as frequent as they are difficult to prove.

But this much is certain that the present uniform water rate for small and big Bagaitdars alike is highly iniquitous, and needs to be modified in favour of the small Bagaitdars.

Some sort of Associations of Bagaitdars have existed on each canal, but they have not been useful for collective action. They

are usually dominated by the bigger Bagaitdars who can get their own grievances redressed through direct access to the higher officials of the Irrigation Department. They have actually succeeded in preventing the discontent of the small Bagaitdars from coming to a head. A case in point is the failure of these organisations even to put up an effective agitation in cases of genuine crop-failure. The big Bagaitdars are afraid of Government servants and so they scotch all efforts made to bring matters to a head. However, the records of these Bagaitdar Associations are very useful to understand the nature of the odds against which the smaller Bagaitdar is fighting today.

Before concluding our brief review of canal-irrigated tracts, we must note the repercussions of this above-discussed prosperity on the neighbouring areas. The first indication is provided by the population statistics. The population of these areas has increased considerably during the last few years. This area, with its capitalist farms, has created a permanent demand for wage-labour, and thus the number of agricultural wage labourers is largest in these parts. They have no protective laws regulating their hours of work, their wages, housing conditions, etc. Thus all the evils of early capitalist adventure before the era of Factory Acts can be seen around this area. The workers have no effective organisation of their own through which to fight for their rights in union, and thus they are at the moment completely defenceless.

The small Bagaitdar, who is fighting an uphill battle, needs collective sale and purchase facilities, and it is very creditable that the sales depot for Gul in Kopargaon is faring very well. But his needs are more extensive and the State alone can take the initiative in the direction. Without these facilities, the small Bagaitdar is sure to suffer losses as his individual resistance is not very great.

Recommendations :—

1. In view of all these complex factors we recommend that the State should give an assurance to the Bagaitdars that no area will be reserved for the factories alone.
2. Furthermore, the irrigation fees for all those who hold 30 acres or less should be $\frac{1}{2}$ less than for the bigger Bagaitdars.

3. A special inquiry into the grievances of the smaller Bagaitdars should be undertaken with a view to prevent corruption.

4. Renewed survey of the damaged area with a view to reduce the land revenue in the case of partially damaged lands and to grant complete remissions and compensation with retrospective effect to the holders of completely damaged lands.

5. Compulsory drainage of lands planned by the Irrigation Department and carried out by each holder for his own land with fines for default.

6. An enquiry into the conditions of housing, hours of work and wages etc. of the landless labourers working on the capitalist and company farms.

7. Extension of co-operative sale facilities to the small Bagaitdars.

8. In the present Block system a flat charge of 60 Rs. is levied for water. It should be realised that out of this about Rs. 45 is legitimate and the additional charge should vary with the needs of the Bagaitdar for water.

Finally we conclude that there is much room for improvement if the Bagaitdar Association shook off its fears and torpor and got busy to protect the interests of the small Bagaitdars who are to-day threatened with extinction. Self-help is the only reliable form of assistance ; and that alone can help the cultivators of these canal-irrigated tracts.

CHAPTER XI.

Peasant Organisation and Programme.

From a detailed analysis of the factors governing the peasant's life and happiness, we have tried to find out an avenue of approaching the peasantry with a view to win his instinctive attention. The peasant knows well enough that his is the worst lot in the country. His reaction to the land he tills is a mixed sentiment of attachment-repulsion, as to a vice. Thus alternately he is abjectly fatalistic or recklessly desperate. We have tried to make it clear (in Chap. I) that the central cause of the present instability lies in the relationship between the peasant and the rest of the structure of the productive organisation. As yet this fact has not been simplified enough to be made the basis of reorienting the peasant's attitude towards himself. It is also to be admitted that such efforts have not been, as far as Maharashtra is concerned, either very systematic, or even precise. Social workers have themselves been groping, and the peasant has got into the vicious habit of looking to someone else for his salvation.

All these facts can be proved if we look around to analyse such organisations as exist among the peasants of Maharashtra. In the first place, one of the great difficulties of the rural situation has been the fact that we have looked upon the peasant-economics as essentially *static*, in contrast to the constant flux common to the economics of industry. So also political workers, whatever their bias or colour, have felt the intensity of the political aspect of the problem. This has led to two distinct types of appeal addressed to the peasantry. On the one hand the semi-Congress nationalist appeal has begun with an enumeration of the peasant's difficulties, and from the few difficulties that are obviously related directly to the State, a conclusion was drawn that each and all are so related—thus ignoring the need of exposing the relationship between the State and the economic system. Besides, when the peasant observes that those into whose hands his well-earned harvest passes are not primarily the servants of the State but the Bania, the land-lord and the Vakil, he begins to suspect that there is some catch somewhere. What it is he himself cannot under-

stand clearly. Besides he sees that, from time to time, in relation to the money-lender and the Khot, or the Marwaris or Gujars who buy his Kapas or grain, the State stands as a guide or protector. The Saheb is often touchingly human to the defenceless peasant. Thus the peasant cannot spontaneously respond to the call of the Anti-Imperialist struggle, as he does not understand the vital relationship between his day-to-day struggle as a producer and the wider struggle for the attainment of political power.

On the other hand, the simple and naïve logic of the communal agitator gets the peasant at his weakest. The one fact which helps the communalists in Maharashtra is that the class-divisions and the caste-groups are more or less identical. The average intelligent townsman considers the communal movement as something of an illogical perversity. We also approached the problem with a similar mentality. But we did not take long to see the crux of the Non-Brahmin movement. In thousands of villages spread over all the districts, the agents of the peasant's exploitation are the upper castes. The Khots, till only the other day, have been Brahmins of one or the other sub-caste, or Prabhus. In Khandesh, Satara, Poona, Nasik, Nagar, the grain dealers, money-lenders and lawyers have been mainly Brahmins, Marwaris and Gujars. Thus it was an easy way to appeal to the peasantry that such rights and privileges as the "Mai Bap" Sarkar deigns to confer on the people of India must be secured for the Non-Brahmins of the Province. Thus the class-antagonism inherent in the existing economic situation viewed superficially appeared to be in reality caste-antagonism, an old and continued tension with a history going back to the feudal times of the Maratha Empire. The peasant, who still thinks of his existence in the language of the feudal times, examined the surface and felt that here was after all the way to his salvation. The extended franchise of the Montford Constitution gave a great fillip to this organisation. At the end of the last fifteen years of hopes and despair, we observe a new crust of Non-Brahmin politicians trying to grasp power for themselves from Brahmins etc. They are content with the transfer of such crumbs as the British rulers throw from time to time to lessen the discontent of the Indian people. That is to say, the Non-Brahmin movement, with its appeal for salvation of the backward castes, won instinctive support, because there was a hope that such political power as will pass from the upper-caste hands or from the fitful doles of the

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foreign power will be used to mitigate the hardships of peasant existence. That this hope is rudely frustrated is obvious enough, and the disintegration of the Non-Brahmin party is also a token of this failure. The peasant is never directly interested in a political struggle, and so, though he has voted with the Non-Brahmin Party, he has done so without understanding the inter-relationship between his economic demands and the political organisations prevailing in the country. There was room since the last fifteen years for the growth of a peasant party. The peculiarities of the social organisation of the province led to the growth of the Non-Brahmin movement which supplied—all too imperfectly—this need, and hence its popularity. But the Non-Brahmin party was not a Peasant Party in the scientific sense of the word. If we trace the history of the movement right from the period of Mahatma Jotirao Fulay and the late ruler of Kolhapur State, we can see that the former was inspired by the highest humanitarian urge to resuscitate the lowest of the low. But his political outlook was limited in its perspective. To the Maharaja of Kolhapur the organisation was essentially a feudal revolt, picked up from the times before the advent of the British Rule. We submit we have not come across a single Non-Brahmin Party leader who has expressed the necessity of facing the fundamental economic realities. Sjt. Annasaheb Shinde is to some extent an exception; but even he has restricted his activities to ameliorative and educative channels. It is true that, while the whole of Central European political thought was in a ferment on the issue of socialism, India with its solitary contact with the British Isles only thought in terms of political democracy of Mill and Bentham. But used for centuries to feudal autocracy, the peasant has no spontaneous political interests. Thus to-day any purely political approach is not likely to help us in facing the attacks on the rural economy from without, or developing its inner resistance to combat the disintegration from within.

The extremer political parties never tried to root their organisation in the soil of Maratha peasantry. They were so obsessed with the British Vs. India issue that many times they advocated policies which went against the interests of the peasant masses. A case in point is the defence of the Khot by such a pre-eminent leader as the late Lokmanya Tilak. This was mainly due to an over-emphasis of the political issue and a misunderstanding of the implications of

the peasant problem. The Non-Brahmin Party, with its unscientific and superficial approach to the peasant, gave very catching slogans that often expressed the quintessence of his class needs but went not a step further. They knew their political capital and gambled on it. But even they never understood the chief need of the hour.

The vote under the Montford constitution which was to do the trick had inspired some hope of changing the peasant's daily lot through the political machine, and in the first wave of the Non-Brahmin movement, the upper strata of the peasantry did for a time show a sort of political awakening expressed in the will to vote for his party. The District Local Boards and the Councils thus got filled with a party with real mass contacts. But failure of this political machine to ease his burdens in any way has completely disillusioned the peasant about political panaceas. He feels a sense of complete lack of confidence about all political parties.

The peasant with all his isolation, ignorance and fatalism, his dread of insecurity, his insularity and his apathy to think of problems remotely connected with his daily existence, has remained without any effective organisation in the whole province. From time to time he has been shaken from above and his response has been fitful and spasmodic. Only in the Khoti tract can we observe the instinctive understanding of economic realities. As such, these three districts are in one sense the easiest to organise. In the rest of Maharashtra, the social (caste) framework has come in for much persistent opposition, but the movement was not purely economic. This is inevitable to a certain degree. When organisations are initiated from the top, there is a certain amount of duality of motives. The peasant's need is the subsidiary motive, and the top people's need the major urge. The organisation comes to be conditioned by this simple fact. For example, in the case of the Non-Brahmin Party, the major urge is the will of the leadership to such power as there exists to-day. Since this major urge can only be fulfilled by collaboration with Imperialist interests, the masses and their needs are forgotten for the long periods intervening the quinquennial elections. Were it not so, the Non-Brahmin Party during the last six years would not have hung round the coat-tails of the civilians and danced blatantly to their tune. Did the party remain awake to the peasant's needs in the hour of the depression ?

The answer is an unequivocal negative. Were it otherwise, the Non-Brahmin Party would have been thrown into opposition with Imperialist interests on every issue, and would have coalesced with the rest of the militantly anti-Imperialist sections, just as the Trade Union Movement did. We must ponder over this failure and learn from it.

What about the other parties, the many shades of Nationalists—that is, those who approached the Indian problem as a struggle for political power? Consistent with their understanding of the political problem, they tried to study those issues where the peasant came directly into conflict with the State. Land revenue and forest grievances were mainly taken up by these parties, but their organisations only touched the periphery of peasant existence. Where, however, a worker settled down to ameliorative work of the Gandhian pattern, he won great personal influence, very much like that of the religious teachers who have everywhere a great hold on the peasant mind. But this type of worker, as far as the ten districts are concerned, has not had the resources wherewith to broaden the basis of his work. Out of his work, peasant organisation of the type we understand the province to be in need of, could not come up during the last fifteen years.

But when all this is said, we do not want to belittle the hard and unostentatious persistence with which our political band of workers have carried into the heart of rural India the Gandhian urge for a spiritual and practical identification with the peasant and the Harijan. This has not been without its salutary results and to-day even the Government admits the hold of Gandhi on the peasant mind. To the enemies of the Congress this has become a constant night-mare. With regard to the Non-Brahmin movement and its leaders we must confess to a sense of deep disappointment and often of resentment. They had control over the peasant's imagination to a degree which became a matter of envy to their rival parties. What have they made of it? They have soiled the standard of work of Peasant Emancipation in the wire-pulling of the Council Lobbies and the cess pools of Local Board intrigues. They have defiled the organisation to such an extent that it no longer reflects even the poignant sense of slavery of the peasant existence to-day.

We must nonetheless admit the lofty urge towards the emancipation of peasantry from social inequality which inspired the early founders of the Non-Brahmin movement. But instead of widening the content of the struggle from social tyranny to economic exploitation, the successors in the movement got lost in the bog of party intrigue and manœuvring. They threw up a handful of social workers, who took up educational activity and worked for creating a movement of social emancipation against caste. The break up of the steel-frame of caste is indeed overdue, but it must be realised that today the peasant's exploitation is essentially in the domain of production.

Hence the task of directing our energies to the development of producer's organisations becomes the chief need of the hour. Problems and complexities in the processes of agricultural production determine the lot of the peasant. The vastness of the problem has baffled the peasant. No organisation exists which can give him an insight into the tasks that face him. He does not understand the relation of his existence as a producer of primary commodities to the political system under which he lives ; hence his apathy and fatalism, his sullen hostility to educated men who ask for his support, and his addiction to supernaturalism and transcendentalism. The subjective factors juxtaposed in this manner to the material background help us to understand the hold which the " Warkari " movement has over the peasant mind. The Warkari movement has its roots in the great spiritual ferment of the earliest period of the Maratha Empire, when the doors of esoteric learning were thrown open to all who cared to enter. The Warkari movement has a tradition and a cultural heritage which alone has helped the Maratha peasant to grasp some semblance of worthwhileness in his existence of daily misery. All these factors make it the largest mass organisation and spiritual brotherhood. But corresponding to the decay of material prosperity, the message of this brotherhood and its mission has also changed, though the form is still intact. To-day the facts of peasant existence are excruciatingly sordid and the only escape from the benumbing and torture of life around is the assembly of the Warkaris, the Bhajans and the walking trips of hundreds of miles. Men and women in their many thousands flock to Pandharpur, from hundreds of miles, their eyes

dim with pathetically mechanical faith ; they shout forth the unreality of that which hurts them most deeply, so that they may ring out of that faith the reason of their miserable existence. One cannot help being swept by a deep sense of sympathy for these thousands who are denied the wherewithal to live humanly, and who still grope desperately for the good life divorced from any material basis whatsoever. It is not that they don't want a happy home. But they are trying to find out if one can have a sense of something that gives a meaning to life even when material wants are denied for ever.

This is our Maratha peasant ; he has a glorious past and an enviable tradition. In spite of all his calamities he is still a self-respecting man. Can we shake his despair ? Can we put the zest into him to fight for two square meals a day and a roof over head ? How should we proceed to teach him to help himself ?

We must admit we have not much faith in the so called rural education campaign as a panacea for changing the peasant's apathy into an initiative. The intellectual cognates his environment through the cognitive senses ; the peasant does it with his hands. We learn from books, discussions and endless hairsplitting analysis. The peasant cannot do the same. His hands have become vastly more efficient and sensitive than his brains. We must keep this fact in mind in directing our energies. Again, the example of the Non-Brahmin Party ought to warn us that we must never run away with strictly political issues, the relationship of which to his daily existence the peasant has not grasped fully. Neither must we lose ourselves in trying to stabilise our position by election victories, capturing such places as are open to us with his support. That would be tantamount to leaving him in the lurch.

It would be interesting to analyse the technique of peasant organisations to understand the peculiarities of the task that faces us.

Even if the workers' organisations are initiated from above, the recurring crises of resistance through strikes requiring mass action of a more or less sustained character draw out a leading cadre from below and thus give an organic strength to the movement. This self-direction constantly throws up newer types of

working-class leadership more and more correctly in tune with the tempo of the struggle. This process is immensely accelerated by the fact that workers have to work *en masse* in close proximity; their sense of mutual solidarity of interest and mutual interdependence grows not only through theoretical classification but equally under the pressure of objective circumstances.

The peasants on the other hand have to work in isolation. As producers they face the same problems, have to fight the same odds; but they do not spontaneously come to realise their organic interdependence. Their psychological reorientation in tune with the demands of the struggle involves a great expenditure of time and energy. When the organisation is initiated from the top it takes infinitely longer to strike deep roots, and unless the intensification of the local class-interests drives them to direct action, they cannot push on with their mobilisation of forces on lines of self-help.

The character of peasant existence is also much more complex, and the conflict of interests in their productive efforts is not capable of always being organised *en masse*. The feudal outlook and fatalism, the fear of losing the little they have, the haunting spectre of losing all security, keeps the middle peasant from forging ahead to supply the requisite quality of leadership from the peasantry.

All this admitted, we must indicate briefly the lines along which the problem of peasant organisation in the province can be tackled. It is clear that our effort is also an effort from the top, and not an impulse from below which ancets with such direction from above as it needs in a moment of crisis. Where the resistance starts from below, you can have a fine tempo and stamina, as is indicated by the tenant organisation at Chari in Kolaba.

In the first place, we must reiterate our firm conviction that the Peasant Organisation (शेतकरी संघ) must have a definite character of a producers' organ of struggle, and not a mumbo-jumbo of producer-cum-citizen voter, or a charity mission, or a spiritual revivalist Church. It must be based on a programme that throws into relief the main obstacles in the way of agricultural stability.

As such it is not a craft union—like that of joiners, or weavers or smelters etc., but a composite affair uniting under one organisation the owner-cultivator, the tenant-farmer, and the landless labourer. It would be difficult to set this union going in each village to start with. The technique of organisation of a peasants' union for Maharashtra must follow closely on the experience of the Co-operative movement. We start with a "Group union" in a group of villages where previous agitation has shown a good response. The union should have a broad programme which it shares with other neighbouring unions. But it should also have its own, its specifically local, issues which are vitally realised by the local peasantry. Such small issues often give a greater reality to a union than the more comprehensive demands whose significance has not dawned on the peasantry.

First we must have the group peasant conferences. These conferences must be kept completely free from any open or veiled electioneering. The whole effort would be wrecked on this rock of trying to give a definitely political character to the Unions or Conferences prematurely. That does not, however, mean that we should not condemn Government policies or inaction and indifference. We must all the time stress the constant relation between the economic exploitation and the role of the State.

We must be ready to draft petitions, and take deputations to the landlords or the Revenue Officers or Forest Officers, but every such act should be prefaced by a frank and explicit admission of our lack of faith in these reformist methods. Patiently we must help the peasant to travel the course of events from petitioning to resistance; what we have learnt through these fifty years of political struggle, we must help the peasant organisations to recapitulate in five.

There is a deplorable tendency to create paper organisations at the top, like a District Peasants League or a Provincial Land League, long before the basic organs have become alive or active. This is a dangerous misdirection of our energies. Unless we have a fair amount of basic organisation, Group Unions (गट संघ) and the Taluka Sanghs in five or six Talukas, we must not proceed to form the District Land League.

Peasant Conferences should be followed by small training camps for training peasant workers. But we suggest the training should lay greater stress on preparing a leading cadre for a peasant movement, than the missionary type of self-help volunteers. Of course they must be given the Literacy Drive Training. But a special attempt must be made to stress the dependence of the peasant on the wider economic forces. And the necessity of joint resistance as the only way out must be stressed to the utmost.

Such workers should also try to explain the need of producers' co-operative organisations, purchase and sale societies, implement societies etc. A good team, if it can get the requisite financial backing, may even try to organise co-operative farming. But again these commitments should not burden the Group union itself, but should be effective auxiliaries, putting flesh and blood and giving an intimate day-to-day reality to the concept of peasant solidarity.

Finally, we must sound a note of warning to all who would ask for quick results. Simply because the technique of an approach to the peasantry is corrected, you cannot all of a sudden turn the night of apathy and suspicion into the dawn of hope and confidence. All we can be certain about is the fact that if we present a correct appraisal of the obstacles which beset the peasant existence as a producer, he will soon begin to think about our words seriously. You must, in the formulation of the programme, point out that a 100% peasant programme is a charter of his demands to the rest of the society, not excluding the State. What facilities does he need from the landlords, what from the money-lender, what from the Forest Department or from the Revenue Officers? You must prove your readiness to stand by him in every one of his trials wherever his grievance is directly related to the issue he is trying to fight.

The peasant is dumb, we must make him express his untold woe. He cannot speak out yet, but the effort is well worth a trial. He will grow in the process. We speak for him of his woes as we understand them, but we must learn to speak his language and correlate his understanding of the issues with our analysis of their causation. That is the quintessence of a *Peasant Programme*.

It must be admitted that it may not be possible for certain workers, in the first instance, to forge ahead with a 100% producers' organisation. The task of winning the peasant's confidence will undoubtedly take some time. For this preliminary effort, some social benefit activity has been found to be very useful. But we must keep in mind the danger of treating *Khadi* and other social service efforts as ends in themselves, whereas, as we assess them, they are merely a valuable means to approach the central task.

CHAPTER XII.

Summary of the Conclusions and Recommendations of the Committee.

Problem: Our agricultural economy is a part and parcel of world economy. Therefore, we must search for the causes and remedies of our economic problems in the context of the international economic situation.

Our already precarious rural economy received a final death-shock from the world depression.

Primitive methods of cultivation, paucity of manures, chaotic marketing of raw produce, absence of credit facilities, subdivision and fragmentation of holdings, etc. are beyond dispute at the root of the abnormally low productivity of the land, and hence a cause of peasants' poverty; but the three biggest drains on the cultivator's income are — *Interest charges, Rent and Land Revenue.*

The cumulative effect of all these deficiencies has been to make the cultivation of land a positively uneconomic proposition for a very large majority of the cultivating peasants.

Indebtedness:—Early British legislation favoured the growth of indebtedness. India's agricultural indebtedness may be assessed at Rs. 1500 crores, that of the Bombay Presidency alone at about Rs. 150 crores. The annual interest charges on this take away one-fourth of the annual value of all the principal crops. 50 to 70 per cent of this indebtedness is due to causes beyond the control of the agriculturist. The rate of interest is based on *sawai* and *didhi*, and malpractices are very common.

We therefore recommend that a Debt Redemption Board should be at once established with powers to scale down the agriculturists' debts, in view of (a) the fall in the price level and (b) the paying capacity of the debtor.

Simultaneously with this, a moratorium should be declared for the payment of interest and the repayment of loans, till the peasant's capacity to pay increases through a lifting of the depression.

All moneylenders doing business with the peasant should be duly licensed, and required by law to provide their debtors with a statement of accounts at regular intervals.

Land Tenure:—Even though Maharashtra is a region of peasant proprietorship the ownership of land is being increasingly concentrated in the hands of non-agricultural classes and the upper strata of the peasantry. 72 per cent of the land is owned by 29 per cent of landowners. This has given rise to the problems of tenancy. We therefore recommend that the privileges of the 'Three Fs'—Fair rent, Fixity of tenure, and Free transfer, should be ensured by means of a Tenancy Act. Rents must not be left to be determined by the scramble for land, but must be scaled down, in view of the fall in income, to such a degree as will leave for the tiller at least a subsistence minimum. Occupancy rights should be conferred on tenants who have cultivated the land continuously for twelve years. The transfer of occupancy rights should not require the previous consent of the landlord.

Land Revenue :—Historically there does not seem to be any element of rent in our land-tax. As it exists, our tax on land is most anomalous. The assessment is heavy and the basis is left completely vague. The method of collection is rigid and inelastic. The anna valuation, year after year, is pitched unjustifiably high, and the manner of its determination is extremely unsatisfactory.

We recommend, under these circumstances, that the whole system should be completely overhauled to provide for :—

- (1) A lower tax-exemption-limit of Rs. 250 net income.
- (2) Principle of graduated rise in the tax on larger landholders.
- (3) A standing committee, partly of officials and partly of elected representatives, to inquire into the machinery of tax-assessment.

- (4) A non-official committee for each district to examine and arbitrate in matters relating to the anna valuation.

Marketing :—Complete chaos exists in the marketing of our agricultural produce. Co-operative effort with a generous amount of state-aid alone can improve the situation. Every taluka should have its own Co-operative marketing society, to which the state should provide the necessary credit.

Irrigation and Forests :—Our irrigation works were originally constructed for the benefit of the famine areas. At present, however, as the tract is found suitable for the cultivation of sugarcane, the small Bagaitdar is steadily being pushed out of the field. Even though the productivity per acre is showing a remarkable improvement, it is necessary to protect the interests of the large mass of landless labourers who are working the new capitalist farms. In the final analysis an efficient labour force is the best guarantee of high productivity. It is necessary to prevent the growth of slums in these areas, as also to regulate the hours of work and overtime pay of these labourers.

The small Bagaitdar must be assured that he will not be elbowed out of existence, by refusing to him water, or by declaring a certain area as 'factory area'. He is constantly harassed by the petty irrigation officers, and the best way to help him is to recognise a small elected committee of small Bagaitdars, through whom their grievances should be received.

We recommend that in view of the heavy fluctuations in the prices of primary products, and the high cost of cultivation, the water rates for the canals should be considerably reduced for the benefit of the small Bagaitdar who holds thirty acres or less.

The privileges given to the village population by the Forest Manual are not sufficiently known, and hence illegal exactions by forest officials, under threat of harassment, are the rule rather than the exception.

Apart from these, wherever a village has grazing lands in its vicinity, such lands should be given to the village free of any grazing fees.

Katkaries and other wandering tribes should be given free grazing, instead of being made to pay the fees for sheep and goats who are not allowed to enter the forest limits.

The Khoti System : Regarding the Khoti system we suggest--

(i) That the State must guarantee the full occupancy rights to all the tenants who have either occupied or cultivated the Khoti lands for the last twelve years. This right must be heritable and transferable by the occupant *without the consent of the Khot*.

(ii) The Khot's dues from the tenants should be fixed at the time of the Survey Settlement and should bear a fixed ratio to the dues payable to the State. Rents fixed should never exceed one third of the surplus after deducting the total expenses of cultivation. The Khot is only entitled to his share when the land has actually yielded some "surplus".

(iii) The system of Khoti Tenure should be completely abolished gradually within a period of twenty years from now.

CONCLUSION

We have come to the end of our task. We have tried to analyse the salient features of the agrarian economy of Maharashtra. We began with an initial survey of the field and the background of international system of production and exchange. We then proceeded to present a few close-ups of the basic factors of agricultural production; the rural credit, rent and revenue problems. We have tried to stress all along the central fact of low productivity which is almost a static feature of the economy. While we have made such recommendations which we thought were absolutely necessary, we have tried to make it clear beyond dispute that the problem is much too serious to be treated in a piece-meal fashion. What is necessary is a comprehensive plan that tackles the problem of peasant uplift through a series of measures spread over a period of five to seven years. Such a plan should have been undertaken as soon as the chief characteristics of the great depression became clear to the State. But here we come face to face with some of the most vicious features of the present system of political administration.

The division of the problem into Central and Provincial Departments may, to some extent, have stood in the way of the type of planning we have in mind. For instance, while most of the problems of internal reorganisation fall on the shoulders of the Provincial Governments, their efforts by themselves would be far short of the needs, because internal reorganisation depends considerably on the regulation and control of the interrelation between national production and imperial or international pressure of prices.

Under such circumstances, we cannot hope for any tangible improvement of the situation unless the State at the Centre takes the initiative to create the requisite machinery of protecting the peasant from the relentless forces of the international price system. If we survey the policies of any of the modern industrial states in relation to the agriculturist, we can get a fair idea as to what sort of measures may be necessary for the purpose. The International Institute of Agriculture has year by year published its

review of relief measures in country after country. Such measures are intended to relieve steadily the pressure of the world market, through tariffs and quotas and our rice and wheat and cotton production could thus have received some shelter from the international forces.

But the State in India only thinks of protection when some financial interests work up a whirlwind propaganda to keep their profits intact. The poor peasant had a good case which went unheeded, because in his abject poverty and helplessness he was beneath the notice of the High Gods at Simla.

Apart from tariffs, the manner in which the problem can be tackled is by the adjustment of currency and exchange policies, to keep the internal price level higher than what the financial sea-saw reduces it to. When productivity is static, and the margin of profitability hangs on the precarious balance of prices, it is imperative to devise such measures as will retain the margin of profitability rigidly at the optimum. The U. S. A. has attempted to deal with the situation through a series of measures, and though none of the measures may finally liquidate the problem, they have had an undoubted palliative value.

The State in India, however, has grabbed its revenues without caring to see from where they came. To assure a smooth recovery, it kept the gates wide open for the distress gold of the peasant to pass in the gulf-stream of the international market. Only thus was the miracle achieved by the State whose finances are certified as satisfactory even when seventyfive percent of the people have crossed the margin of solvency.

Even as compared with such feeble efforts as the autonomous small states of Europe have undertaken, one cannot but be struck by the stolid unconcern of the State in India. We submit the indifference of the State, in the face of such dire peasant distress, is the greatest indictment of the Government's attitude towards the peasant. This is only aggravated by the miserable doles that the last two budgets have proffered.

Capitalism in crisis can only survive, if at all, through a rigorous system of regulation and control. The peasants were denied

even the meagre solace of such measures, because the millions of toilers were too dumb to shout forth their needs.

In the second place, barring some spasmodic efforts for the improvement of rural marketing, the internal reorganisation has also been left untouched. The hands of the State were more than full with the political movements, and they satisfied themselves by trying to persuade the poor helpless peasant that "Gandhi was the root cause of the Mandi".

With such a record of complete indifference of the State, there is little hope for any comprehensive planning which can resuscitate the peasant in a given number of years. The only way for the peasantry is to unite and voice forth their needs.

In the declining phase of capitalist production, the system itself is not capable of reducing the hiatus between the Haves and Have-nots by a series of measures such as we witness in England in the era of the factory legislation. The only salvation lies in a defensive organisation of the peasantry on lines of self-help. Such a defensive organisation alone can indicate the way out of the present deadlock.

We have tried in the last Chapter to trace the broad outlines of such an organisation. For such organisation of producers alone can bring out the latent anti-Imperialist character of the peasant masses.

If our humble efforts can clarify and quicken the progress of such organisations and help a comprehensive understanding of the basic problem, we shall not have worked in vain.

We should have liked to amplify our analysis along several interesting lines, but we are required by a compelling urge not only to know but to act. Only through our efforts can a greater clarification come. In this purposive and collective organisational efforts alone lies the ultimate resurrection of the peasant in Maharashtra.