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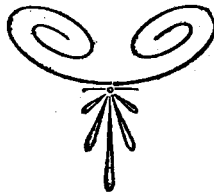
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OF THE .

# **BARDOLI ENQUIRY COMMITTEE.**

**BOMBAY.**

1928.



**Price ONE Rupee**

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# PERSONNEL OF THE ENQUIRY COMMITTEE.

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## MEMBERS:

- 2 Mr. HOOSEINBHOY A. LALLJEE, M.L.C. (Muhammadan Urban, Bombay City),
- 3 Mr. H. B. SHIVDASANI, M.A., M.L.C. (Non-Muhammadan Rural, Surat District).
- 4 Rao Bahadur BHIMBHAI R. NAIK, M.L.C. (Non-Muhammadan Rural, Surat District).
- 5 Dr. M. D. D. GILDER, M.D., M.L.C. (Non-Muhammadan Urban, Bombay City, North).
- 6 Mr. N. B. CHANDRACHUD, B.A., LL.B., M.L.C. (Non-Muhammadan Urban, Poona City).

## SECRETARY:

- 7 Mr. B. G. KHEB, B.A., LL.B., Solicitor, Bombay High Court.
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To

THE CHAIRMAN AND MEMBERS OF

THE COALITION NATIONALIST PARTY

IN THE BOMBAY LEGISLATIVE COUNCIL.

DEAR SIR,

We constituted ourselves into a Committee with the following terms of reference:

- (a) To investigate into and report on the methods adopted by the officials in the Surat District in respect of the collection of revised assessment in the Bardoli Taluka and in particular the allegations that irregular, illegal, harsh and vindictive measures have been taken by them in the said matter ;
- (b) To investigate into and report on the conditions to which the peasants in the Bardoli Taluka have been reduced by reason of the said methods ;
- (c) To report on such other matters germane to the above general questions as may be considered necessary ; and
- (d) For the purpose aforesaid, to take evidence, oral or documentary.

2. By a resolution dated the 8th July 1928, the Coalition Nationalist Party of the Bombay Legislative Council ratified the appointment of the Committee and sanctioned the terms of reference.

3. We have held 11 sittings, at Bardoli and at Bombay. Those at Bardoli occupied several hours, on most occasions two consecutive days. In the course of our sittings, we received 153 written statements. The Committee examined 126 witnesses and examined such documents as were made available to them.

4. In response to the invitations of the Committee a large number of people came forward to give evidence. A still larger number were willing to make their statements and give evidence but the Committee decided to examine only typical cases and only a few instances of each kind of illegality or irregularity or other alleged misconduct were selected and after examining these witnesses, it was not necessary to have further evidence on the same points and to multiply instances. This was obviously necessary as otherwise as there were many hundreds of attachments, distrains, forfeitures and sales, we would have had to prolong our inquiry for several months. It was not even possible to examine at length all the witnesses, owing to the limited time at the disposal of the Committee and therefore the work of taking down their statements in a concise form after putting them questions was entrusted to several lawyers from Surat and Bombay,

who kindly offered their services. The Committee then examined the witnesses, who appeared with these statements and they were very carefully and closely questioned with regard to their statements and as far as possible, the rules of evidence were followed and hearsay evidence was excluded. The procedure followed by the Committee is the usual procedure followed by all investigating Committees and in fact the only procedure which can be followed if the inquiry is to be kept within reasonable bounds and restricted to relevant issues.

5. We invited Government as well as Mr. Vallabhbhai Patel and his associates to assist us in the inquiry. The former declined, but the latter, we must gratefully acknowledge, rendered every assistance. Except when evidence was taken in camera we found the C. I. D. officer regularly in attendance. We are conscious that the materials placed before us could have been better sifted had we an opportunity of getting the Government's point of view. The inquiry being unofficial and *ex-parte* has brought with it the incompleteness which is inherent in every inquiry not conducted in a contested case in a court of law. We have however devoted scrupulous care to exclude unreliable or indirect testimony and to scrutinise the evidence before us and to see that the conclusions which we have formed are warranted by the facts placed before us. And though our conclusions may not be as satisfactory as they would have been had we been assisted by Government, in their general nature they are fully supported by an overwhelming volume of unimpeachable evidence in our possession.

6. On the 6th August 1928 the Bardoli struggle ended by a very honourable settlement. All the evidence was taken and the draft report was ready; we had therefore to consider whether we should now pursue our labours on the same lines as before and to complete the report. We have no desire to open the sore which had been closed by a happy settlement. But at the same time, we felt that a record such as our report may serve to prevent a repetition of the situation. From other points of view also we considered it necessary to publish our report, now that for all practical purposes we have completed our work. The Land Revenue policy of the Bombay Government is in a most unsatisfactory condition. The relations between Government and the agriculturists are dangerously vague, the principles of assessment highly unsatisfactory, the methods of recovery stringent in the extreme. And the growing dissatisfaction towards the policy, the legislative efforts that are being made to bring it under popular control, the expected transfer of Land Revenue from the Reserved to the Transferred side make it imperative that the working of the policy as seen in Bardoli, the dangerous extent to which it could be pushed even within the limits of existing law, the points at which it is likely to travel outside these limits should be placed before the general public as well as before the higher authorities. We therefore at a meeting of the Committee on the 19th August 1928 resolved to adhere to the lines as we had set before us, and at the same time so to alter certain parts of the report as to serve this wider object. In particular, we have as far as possible omitted specifying names of the victims of the policy to save bitterness.

In conclusion we have to thank Mr. Purshottam Tricumdas, Bar-at-Law, who has at great sacrifice so ably assisted us in our work. We are also indebted to Mr. D. T. Vakharia, Solicitor, Mr. Batubhai Umarvadia, B.A., L.L.B. and Mr. N. M. Marfatia, B.A., L.L.B. for valuable assistance, to Mr. N. H. Belgamwalla who has kindly undertaken to publish the report and to Mr. M. C. Chhagla, Bar-at-Law for going through the final proofs.

Yours sincerely,

K. M. MUNSHI.  
 HOOSEINBHOY A. LALLJEE.  
 H. B. SHIVDASANI.  
 BHIMBHAI R. NAIK.  
 M. D. D. GILDER.  
 N. B. CHANDRACHUD.  
 B. G. KHER.

Bombay,  
 23rd September 1928.

## INTRODUCTION.

### Land Revenue; Methods of Assessment.

#### I

1. In order to appreciate the scope, nature and results of our inquiry, it is necessary to realize the problem of the Land Revenue Policy of which the Bardoli Struggle is but an outcome. We therefore propose to set out briefly (a) the nature of the relation between Government and the agriculturists ('khatedars' or 'occupants' as termed by the Land Revenue Code being Bombay Act V of 1879), (b) the methods followed to fix the assessment of Land Revenue, (c) the results of such methods, (d) the futile attempts made to improve those methods. We propose to do this as far as possible in the words of the statute or of authorities competent to speak on this vexed question.

2. From the commencement of British administration in India the relation between Government and the khatedar is sought to be based sometimes on the footing that a khatedar is the proprietor of the land and the assessment paid is a tax, but more often on the footing that Government have exclusive proprietary rights in the land and what the khatedar pays is merely rent. The official leaning, particularly for the purpose of assessing land revenue, has always been towards the latter.

3. The High Court of Bombay in a case reported in 12 Bombay High Court Reports after an exhaustive survey, came to the conclusion that according to the ancient laws or institutions of the Hindus the sovereign is not entitled to any proprietary rights in land. Even under Mahomedan rule, the state never claimed the absolute or exclusive ownership of the land and definitely recognised the existence of private property in it (1). In 1819, Elphinstone on enquiry found that a large portion of the Rayats were the Proprietors of their estate subject to the payment of a fixed land tax to Government.

4. When the East India Company displaced the old rulers in the country, it believed itself to be the universal landlord and English officials transplanted to this country, the notion that a tenant was entitled to his wages and subsistence, all that was known as "rent" belonged to the landlord (2). An English lawyer so far back as 1802 declared in a Madras regulation that property in land belonged to Government by "ancient usage". Some Englishmen, however, protested against the introduction of a theory which would spell ruin to the Indian peasants. In 1830, Lieut. Col. Briggs declared that the soil was private property in India as among all other foreign nations and the state was only entitled to impose a tax on this form of private property as on other properties (3). In 1860, Mr. Wilson spoke of land revenue as

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- (1) Report of the Indian Taxation Enquiry Committee, 1924-25, Section 80.
  - (2) Prof. Vakil's Financial Developments in Modern India, Page 340.
  - (3) R. C. Dutt's "India under early British Rule," Page 372.

"rent". This conflict of views went on. In 1875, Sir Louis Mallett the then Under Secretary of State for India advised Government to renounce the theory of state landlordism. He considered that the theory had placed too great a power in "the hands of an all embracing and powerful bureaucracy with the Press in its hands and with Government at its back". This view was shared by Lord Salisbury, who, however, observed cynically that "we must be content to contribute our mite towards a gradual change. We can favour as we have opportunity, leniency and regularity of assessment; we can discourage attempts to take advantage of inflated prices; *we can avoid and disavow language belonging to the rent theory.*" But he was not prepared to let go the tempting prospects which a rent theory opened up before Government. Ultimately in 1880, the Finance Commission definitely laid down the principle: "the Land Revenue may, therefore, with more propriety be regarded as a rent paid by a tenant, often a highly favoured tenant, to the paramount owner than a tax paid by the owner to the State". The result of this conflict was to treat land revenue not as a tax but in the nature of rent—the appropriation of the 'unearned increment' to be excluded from the category of Taxation.

5. Baden Powell dealt a blow to this theory and after most careful survey and analysis, came to the conclusion that "land revenue cannot be considered as a rent, not even in Rayatwari land, when the Law (as in Bombay) happens to call the holder of land an occupant and not a proprietor (1). According to him, it was more in the nature of a tax on agricultural income. Lionel Curtis, however, described it as a rent which Government has drifted into considering as a tax on agriculture. The Indian Taxation Enquiry Committee in 1925 came to the curiously unsatisfactory conclusion "that though they are divided in opinion as to whether or not the land revenue should be regarded as a tax on the individual, who pays it, they are agreed that, since it forms a deduction from the national dividend, it should be taken into consideration in dealing with the question of the incidence of taxation on the country as a whole". In this unsatisfactory nature of a theoretical base, the conclusions drawn by the learned authors of 'Wealth of India' appear to us to be just viz., that the revenue policy of Government has been determined by the fundamental idea of raising the largest amount of Revenue and is defended by whatever theoretical considerations lend themselves to this idea quite irrespective of their conflicting character.

## II

6. Though there has been this diversity in theoretical aspects, in practice land revenue has been treated by Government as "rent". Amenable to the control neither of the legislatures nor of Civil Courts, land revenue as a first charge on land is at the absolute mercy of the Executive. It is treated as capable of being increased without burdening the agriculturists and technically speaking not being a tax becomes a convenient tool in the hands of the Government to increase

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(1) Baden Powell "Land Revenue System in British India," Page 240, Vol. I.

their revenue. It might be noted that unlike other taxes it is not subject even to the saving grace of an exempted minimum. From the point of view of the Executive, it is a revenue easiest to assess, to collect, or augment; from the point of view of the agriculturists, it is the hardest to meet, to bear or to shake off.

7. Competent authorities have for years considered the consequences which have flowed from an exaction of this nature. In 1901, R. C. Dutt wrote of the Land Revenue Policy in the Bombay Presidency:—"All equitable and intelligible limits to the Land Tax, proposed from time to time, have thus been ignored or rejected; and the present system is as well calculated to keep the Bombay cultivator permanently resourceless as any system that the wit of man could devise" (1). The methods which are adopted by different countries in levying the Land Tax are generally based on "(a) the capital value, which is usually determined periodically with reference to the sale value; (b) the unimproved or public value, *i.e.*, such part of the capital value as is not due to the efforts or investment of the owners or occupiers; (c) the net produce, *i.e.*, the gross produce less the cost of production; (d) the annual value, *i.e.*, the gross produce less the cost of production and earnings of management; or (e) the net income of the farmer, *i.e.*, the earnings of management plus the value of the labour of the farmer and his family" (2). In Bombay however the canons of assessments which have been laid down from time to time are so difficult of definite application that the final decision of the Settlement Officer depends "not upon the formal working out of results based on theory but rather upon the subjective impressions of local knowledge and experience" (3). We are not far from wrong in stating that the dominant ideas behind the subjective impression of every Settlement Officer is to raise the largest amount of land revenue and the results have been disastrous.

8. In 1879, Sir William Hunter stated as follows:—"The fundamental difficulty of bringing relief to the Deccan Peasantry is that the government assessment does not leave enough food to the cultivator to support himself and his family throughout the year" (4). In 1900, Vaughan Nash characterised the process of assessment in these words:—"Government first fixes the standard of living and cultivation and then proceeds to drain off all winnings of the people which rise above the mark which has been fixed" (5). And the result is aptly described by the Famine Commission in 1901 as follows:—"In good years he has nothing to hope for except a bare subsistence; in bad years, he falls back on public charity". There is, therefore, no doubt that the present land revenue is really drawn from what is necessary to meet his ordinary wants. There is no choice left to him between cultivating the land and starving as the land revenue is not taken from the surplus. The Director-General of Statistics'

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(1) India under British Rule by R. C. Dutt, P. 383.

(2) The Indian Taxation Enquiry Committee's Report, P. 31.

(3) Bombay Survey and Settlement Manual, Vol. I, P. 123-124.

(4) Financial Developments in Modern India by Vakil, P. 362.

(5) The Great Famine (1900).



despondent note made in 1904 runs as follows:—"It is doubtful whether the efforts now being made to take the cultivator out of the hands of the money-lenders will have much effect; or even if they have the fullest effect, they will materially improve the cultivators' position until a larger share of the produce of the soil is left in his hands, and he is protected against enhanced assessment by Government officials and against enhanced rent by private landlords".

### III

9. The situation has not at all improved in the last 25 years inspite of the Government of India laying down in 1902 certain principles of assessment pursuant to which settlements have sought to be based on prices and rentals. The Joint Parliamentary Committee on India recommended that "the imposition of new burdens should be gradually brought more within the purview of the legislature. And in particular without expressing any judgment on the question whether the land revenue is a rent or tax, they advise that the process of revising the land revenue assessments ought to be brought under closer regulation by statute as soon as possible. "The Committee are of opinion that the time has come to embody in the law, the main principles by which the land revenue is determined, the methods of valuation, the pitch of assessment, the periods of revision, the graduation of enhancements, and the other chief processes which touch the well-being of the revenue-payers". The Government of Bombay, however, was from the beginning for irresponsible executive control in matters relating to the assessments. These recommendations were not acted upon, at any rate, in Bombay.

10. The latest expert opinion, the Indian Taxation Enquiry Committee lays down the basis of assessment, in the following terms:—(1) "What the Committee would recommend is that for the future, the basis of settlement should be annual value, by which term they mean the gross produce less cost of production, including the value of the labour actually expended by the farmer and his family on the holding, and the return for enterprise; and that the functions of the Settlement Officer should for the future, be limited to the ascertainment of this value on a uniform basis under such conditions as might be most appropriate in each province". "There should be an expert enquiry in each province with a view to ascertaining what is the most general rate at present exacted. The local legislature would then be in a position to fix a common rate for the province. These rates would initially no doubt tend to conform to the existing pitch of the assessment. In future, it would be open to the legislatures to increase or decrease the general rate in accordance with the share they thought it fair should be contributed by the land revenue to the expenses of the State." These recommendations have so far remained a dead letter.

11. With reference to Mr. Dutt's proposal, made in 1902, for providing judicial checks on revenue assessments, the Bombay Government insisted on "the practice

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(1) The Indian Taxation Enquiry Committee's Report, P. 85-86.

of leaving to the executive complete freedom in determining the amount of the assessment leviable in accordance with the general principles laid down by law". And though this position was rudely shaken by the aforementioned recommendations of the Joint Parliamentary Committee, secure in their control of the Legislative Council, the Bombay Government have persisted in the old methods. In 1924, the Bombay Legislative Council passed the following resolution :—

" This Council recommends that a committee consisting of official and non-official members of this Council, elected by the Council, with a non-official majority be appointed to consider the question of bringing the process of revising the Land Revenue assessment under closer regulation by statute as recommended by the Joint Committee appointed to consider the Government of India Bill, 1919, and to report on the nature and form of legislation that should be undertaken towards that end, and that no revision be proceeded with and no new rates under any revised settlement be introduced till the said legislation is brought into effect".

Government, of course, opposed the resolution. A Committee was, however, appointed by Government called the Land Revenue Assessment Committee which presented a joint majority report in 1926. The majority report made profits of cultivation the basis for revised assessment and insisted upon certain factors being taken into consideration by the Settlement Officer *viz.*, (1) communications, (2) markets, (3) prices, (4) economic conditions, (5) results of crop experiments and (6) rental value. The Committee laid down 25 per cent of the profits of cultivation as the maximum of increase and recommended a statutory provision for placing all proposals for revenue assessment before a Standing Revising Committee of six members of whom not more than 4 were to be non-official elected members of the Legislative Council elected by the Council itself. The official minority recommended rental value as the only basis placing the maximum for the pitch of assessment at 50 per cent of such value. In 1927, the Council against Government opposition passed the following resolution :—

" This Council, reaffirming the principle of the Resolution as amended and carried by a majority on the 15th March 1924, recommends to the Governor in Council that he will be pleased to give immediate effect to it by introducing the necessary legislation, after taking into consideration the report, the minutes of dissent and suggestions of the Members of the Land Revenue Assessment Committee, and making provision for giving retrospective effect to such legislation in view of the fact that in many cases new revision settlements were proceeded with and new rates introduced after the resolution of 15th March, and pending such legislation, to issue orders to the revenue authorities concerned not to collect the assessment enhanced in revision after the 15th March 1924".

The Bombay Government have ignored these resolutions and have continued to follow their old policy of revision of assessment without reference to the Legislative Council. A bill extremely unsatisfactory in its nature is now on the agenda of the Council.

## CHAPTER I.

### REVISION SETTLEMENT REPORT.

1. In the introduction we have stated the constitutional position regarding settlement of revenue. In spite, however, of the recommendations of the Parliamentary Committee and of the resolutions of the Legislative Council, the Bombay Government pressed on with its work of revising settlements in several Talukas. It slept over the report of the Land Revenue Assessment Committee for some time, and then issued a Government resolution in which it threw overboard most of the recommendations of the majority of the Committee. Nevertheless it was not quite free from the apprehension that the new legislation that would ultimately be passed, might not leave it as free a hand in the matter as it would wish. Settlement after settlement was therefore allowed to be proceeded with, with the result that by the time the new bill is passed into law, there would be few talukas left to have the benefit of it.

2. Thirty years' period of the first Revision Settlement in Bardoli and Chorasi Talukas of the Surat District was to expire in the year 1927-28, the original settlement having been introduced in the year 1866-67. Government therefore appointed Mr. M. S. Jayakar, the then District Deputy Collector in charge of the Northern Prant, to work as Assistant Settlement Officer in addition to his own ordinary duties in the year 1924. This Officer commenced his work of the second Revision Settlement in the year 1924-25, and submitted his report to the Collector on the 30th June 1925, proposing an increase of 30.59 per cent.

3. Bardoli is only one of the many Talukas that have thus come under the harrow. The Bardoli Taluka and Valod Mahal which we have shortly described as "Bardoli" throughout is, as is well-known by now, a part of the District of Surat in the Northern Division of the Bombay Presidency. Its population is about 87,000 persons. About 38,000 out of these are Brahmins, Banias, Patidars and other advanced classes. The rest are Dublas and Chodharas who live by working on land. There are about 17,184 Khatedars, *i.e.*, agriculturists who according to the Land Revenue Code are styled "occupants of land paying land revenue". The land in Bardoli which is under agriculture is about 1,25,000 acres, distributed over about 138 villages of the Taluka and the Mahal.

4. The actual conditions under which the enhancement in question has been fixed may be briefly summarised. The Settlement Officer, the people contend, carried out a perfunctory inquiry, drew arbitrary conclusions about the economic conditions of the people, prepared statistics without exercising proper scrutiny, and recommended 30 per cent enhancement on the sole basis of the rise in the value of gross produce, without any regard to the rise in the cost of production. The report was sent by the Settlement Officer who then happened to be the Deputy Collector, to Mr. A. M. Macmillan

the permanent Collector, who was then on leave in England, for review. Mr. Macmilan in his review raised several doubts as to the correctness of the statistics collected by Mr. Jayakar and also as regards the statistics of the previous Settlement. The Settlement Officer's report, when submitted to Mr. Anderson, was however "exhaustively dealt with by the Commissioner of Settlements, himself a former Collector of the District and in fact has been practically re-written by him". This is the language of the Government Resolution fixing the enhanced settlement in Bardoli. If the report had "practically to be re-written" by the Commissioner, it stands to reason that it was practically of no value.

5. But in spite of its being "practically re-written", the Commissioner submitted his own report in which he questioned the value of the Settlement Officers' report, on exactly the same ground as was relied on by the leaders who have from time to time represented the people. The fact that the Settlement Officer has based his recommendation on the sole ground of enhanced prices of the gross produce seemed to the Settlement Commissioner sufficient to vitiate the whole report. He criticised it as "irrelevant" and "positively dangerous, as affording no justification for his proposals, and suggesting arguments against them".

6. Having thus realised the absurdity of the Settlement Officer's recommendations, the Settlement Commissioner had nothing but his pet rental basis to fall back upon. This was directly in contravention of the Settlement Manual which lays down that rental statistics should be only one of the factors to be considered and that "they cannot be used as the basis for definite conclusions. . . . unless they exist in considerable volume and unless their reliability has been carefully tested". The Settlement Commissioner not only relied exclusively on the rental statistics but ignored the fact that the two conditions which render them of any value were wanting in the present case. Further, the statistics used were of the abnormal post-war period. This was against the declaration made by the Revenue Member, the Hon'ble Mr. Rieu, in the Bombay Legislative Council on the 17th March 1927. By a strange error of calculation he assumed seven years' statistics as one year's, based his conclusion on the assumption that "at least half the total area is held by landlords who do not cultivate it", and recommended 29.03 per cent enhancement.

## CHAPTER II.

### PROTESTS AND THEIR FAILURE.

7. The struggle of the Bardoli people against the levy of revised assessment is a long tale of futile protests and ineffective appeals. In June 1925, when Mr. Jayakar, Assistant Settlement Officer, submitted his report to the Collector of Surat, vague rumours of an enhancement of 30 per cent began to agitate the minds of the Bardoli agriculturists, and in October 1925, an association of agriculturists was established with the primary object of dealing with the situation when the expected enhancement was announced. When the report of Mr. Jayakar was made available at the Taluka Kachery, these rumours were confirmed and Rao Bahadur Bhimbhai Naik, M.L.C. and Rao Sahib Dadubhai Desai, M.L.C. visited certain villages, made enquiries and advised organised protests. Petitions of objections and protest meetings followed.

8. In the beginning of 1927, Rao Bahadur Bhimbhai R. Naik and Mr. H. B. Shivdasani, an ex. I.C.S., both members of the Bombay Legislative Council representing the Surat District (including Bardoli Taluka) placed themselves at the head of this movement. In January 1927, the Bardoli Taluka resolved to send a deputation to represent their grievances in the matter to the Hon'ble Mr. Rieu, the Revenue Member. In the February Sessions of the Bombay Legislative Council which followed, Rao Bahadur Kale moved a resolution which among other things stated that the increased assessment should not be levied in the Presidency until the procedure in revising the assessment had been sanctioned by the Legislative Council. In the course of the debate on this resolution, as also on two other occasions in the Sessions, the unjustifiable enhancement of assessment of Bardoli figured largely. The resolution which is set out in para 11 of the Introduction was carried by the Legislative Council. On the 29th March 1927, a deputation of agriculturists headed by Rao Bahadur Naik and Mr. Shivdasani waited upon the Revenue Member, who expressed a desire for detailed information. When Rao Bahadur Naik desired to have a copy of the revised settlement report in order to supply this information, he was supplied with a copy of Mr. Jayakar's Report without the reviews of the Collector, Commissioner and the Settlement Officer. In the meantime, Mr. Narhari Parikh of the Satyagraha Ashram, who was then studying conditions of Bardoli, applied for taking a copy of the full report at his own expenses but the application was rejected and he was driven to the necessity of making independent attempts to collect and publish materials to show that the revised assessment was not properly made. Mr. Malkani, Prof. of Economics in the Gujarat Vidyapith wrote a series of articles in 'Young India', with such materials as he could procure. Rao Bahadur Naik submitted a representation on the 20th May 1927 setting out facts to prove that the enhancement was not justifiable. Rao Bahadur Naik and Mr. Shivdasani a few days later submitted a joint memorial to His Excellency the Governor-in-Council. These efforts at obtaining redress were treated with utter disregard and a Government Resolution dated the 19th July 1927 introduced the final rates of revised assessment which reduced the enhancement from 29.03 to 21.97.

The Government, one may presume, realised that there was no justification for either the rate of enhancement recommended by the Settlement Officer or by the Settlement Commissioner, and fixed a lesser rate, viz., 21.97 per cent. It however disclosed no reasons for the rate of 21.97 per cent that it had recommended. This seems to have been done not as a result of a proper enquiry but merely to allay the agitation against the enhancement recommended by the Settlement Officer.

9. Great discontent prevailed in the Bardoli Talukka at the scant courtesy shown by Government to these persistent protests, challenging the revised assessment. The discontent had reached a stage when it was not likely to submit quietly to this injustice, and on the 9th September 1927, the agriculturists, in a large and representative meeting presided over by Rao Saheb Dadubhai Desai, resolved to withhold payment of the amount by which the revenue had been enhanced. The only possible method of obtaining redress according to them was to start *satyagraha* and their eyes naturally turned towards Mr. Vallabhbhai Patel. Mr. Vallabhbhai, a lawyer of repute who had given up a long-standing practice on account of non-co-operation, a well-known leader of the Congress, one of the most successful Presidents of the Ahmedabad Municipality and the foremost social worker during the trying days when parts of Gujarat were devastated by floods, had as a prominent lieutenant of Mahatma Gandhi conducted *satyagraha* on more than one occasion. In January 1928, leading agriculturists from the Bardoli Taluka waited upon Mr. Vallabhbhai and pressed him to organise civil disobedience in the Taluka in order that their grievances may be redressed. On the 4th of February 1928, a large meeting of the agriculturists of the Bardoli Taluka was held at Bardoli where Mr. Vallabhbhai presided and R. B. Naik, R. S. Dadubhai and Dr. Dixit were present. Mr. Vallabhbhai it must be said advised the Bardoli agriculturists against taking the extreme step of launching *satyagraha*. The Members of the Legislative Council who had as mentioned above exhausted every possible effort, confessed that it was no longer possible for them with the methods of work at their disposal to do anything in the matter. Though warned of the difficulties and dangers of a campaign of *satyagraha* the Bardoli people on the 12th of February 1928 finally resolved not to pay any assessment until Government cancelled the enhanced assessment or appointed an independent and impartial enquiry to revise the assessment.

10. Not to leave any stone unturned in order to secure redress by ordinary methods, Mr. Vallabhbhai Patel on the 6th day of February 1928 addressed a letter to H. E. the Governor. (See Appendix). In this letter he mentioned how sore were the feelings of the Bardoli people on this question, and how determined they were not to pay the enhanced revenue and referred to the dire consequences of *Satyagraha* of which he had already warned the people. He further stated "it makes one sad to read para 11 of the Government Resolution summarily rejecting all the grounds of objections urged on behalf of people in various petitions submitted to the Government. The way in which these objections have been brushed aside, disclosed a determination on the part of the

Government to insist upon the enhanced assessment notwithstanding objections, however, great". After dealing with the Settlement Commissioner's Report, he continued "the least, I submit, that could be done by way of revision is for the Government to suspend a portion of revenue collection according to the revised assessment and to order an examination of the whole case afresh after giving due opportunity to the people to represent their own case and ensuring full weight being given thereto. I respectfully urge you to afford a fair opportunity to the people to place their case before an impartial tribunal clothed with adequate authority". To this simple and pathetic appeal, the Private Secretary to H. E. the Governor sent a curt reply on the 8th February 1928 stating that the letter had been transferred to the Revenue Department for official consideration and disposal. The letter met the fate which all other petitions and appeals had met so far. In view of the total disregard with which Government had treated all efforts for obtaining redress, the action of the Bardoli people or Mr. Vallabhai cannot in any sense be considered precipitate.

#### PREPARATIONS.

11. In spite of the decision of the people of Bardoli, Rao Bahadur Naik approached Mr. Smart, the Commissioner, Northern Division, and the Revenue Member in the still lingering hope that further appeals might yet soften the hearts which had proved stony so far. But the reply was in no way encouraging. In the February 1928 Sessions of the Legislative Council, on more than one occasion, Bardoli figured prominently in the Budget discussion. At the suggestion of a leading Member of Government, Rao Bahadur Naik and Rao Saheb Dadubhai Desai invited Mr. Vallabhbhai to Bombay for a discussion. Mr. Vallabhbhai on his arrival in Bombay was referred to the Revenue Member, who, however, on 13th March 1928, declined to see him. All that the latter officer promised R. B. Naik and Mr. Shivdasani who saw him was to reduce 32 villages from the higher to the lower group. The promise was kept so far as 23 villages were concerned, thus reducing the enhancement by 1.97 per cent. On the same day, *viz.*, the 13th March 1928, Mr. K. F. Nariman, M.L.C. moved a token cut on the Land Revenue Policy and invited a vote on the Land Revenue Policy including the Bardoli issue. Mr. Anderson, the Settlement Officer took part in the debate and contemptuously warned the Bardoli people lest "in trying to make Bardoli a Thermopylæ, they may not march into Panipat". The Revenue Member, who was then not sure of the Government strength, expressed his determination *not* to be bound by the verdict of the House. As usual with the Bombay Legislative Council certain communal groups came to the rescue of Government. The Mahomedan Members with a few well-known exceptions after considerable hesitation, voted with Government. Members of Mr. Jadhav's non-Brahmin party abstained from voting. Government scored a victory of 44 votes as against 35. The decision of the Council was widely advertised by Government in the Bardoli Taluka with a view to show to the people there that the Bombay Legislative Council had set its seal upon the revised assessment. Government exultant over their triumph in a Council, where thanks to the communal groups they could get any vote, ridiculed every effort to obtain justice. On the 25th March 1928, Rao Bahadur Naik addressed a demi-official letter to the Hon'ble Sir Chunilal Mehta, the Leader of the House and drew his attention to the gravity of the situation and to the determination of the people of Bardoli but without any success.

12. When the Bardoli question was being agitated in the Bombay Legislative Council in the manner aforesaid, the due date for the payment of the first instalment of the assessment, *viz.*, the 15th February 1928, passed without any substantial part of the revenue being paid. Notices were issued on the khatedars and the village officers were ordered to counteract the spreading movement of *satyagraha*. The activities of Government resulted in more energetic action on the part of Mr. Vallabhbhai Patel. He addressed village after village, organised the whole taluka and enlisted volunteers, who were prompted by local enthusiasm to join the movement,



Bardoli was divided into five sub-divisions, each sub-division being placed in the charge of a tried worker, *viz.*, Mr. Abbas Tyebji, Ex-Chief Justice of the Baroda State, Dr. Chandulal Desai of Broach, Mr. Ravishankar Vyas, a well-known worker among the criminal tribes of Kaira, Mr. Mohanlal Pandya of Kaira *satyagraha* fame, and Darbar Sahab Gopaldas Desai. A publicity office was set up at Bardoli which began issuing leaflets and bulletins, and in this manner brought news, instructions and inspiration to every door-step in the villages. The women of the Taluka who were made to interest themselves in the movement pledged themselves to *satyagraha*. The movement among women was greatly facilitated by the presence of Miss Mithiben Petit, a Bombay Parsi lady, Mrs. Bhaktilaxmi Desai, Mrs. Sharda Mehta and Miss Maniben daughter of Mr. Vallabhbai.

13. All this time, as it was summer, Mr. Smart, the Commissioner of the Northern Division, and Mr. Hartshorne, the Collector of the Surat District, were camping at seaside places, one at Umargaon and the other at Tithal. The Taluka was left in the charge of a young District Deputy Collector, Mr. Almoula, who appears to have been gifted with more than ordinary self-confidence. This young man was not able to gauge either the feelings or the strength of the people on this question and commenced all-sided operations to break the determination of the people. He persuaded and threatened and organised "japti" (distrain) parties. By the end of February 1928, village volunteers were posted in order to warn the villagers of approach of the Japti parties by the beat of drum or detonators. The landholders being thus warned would lock themselves up in their own houses in order to escape distrain of their movables. On the 9th March 1928, the campaign of distrain was concentrated on the money-lenders of Valod. By the end of March 1928, notices of forfeiture of land were served on a number of money-lenders of Bajipura and Valod. The object of singling out the money-lenders for this purpose was presumably to alienate them from the movement of *satyagraha* actively adopted by the agriculturists. The result however was a greater solidarity between the two sections.

## CHAPTER IV,

### METHODS IN OPERATION.

14. With the 5th April 1928, began the period for paying up the 2nd instalment of assessment. Landholders did not pay up this instalment also and notices in respect thereof began to be issued. As the position was getting difficult and serious consequences were expected to arise, eight members of the Bombay Legislative Council representing different districts in Gujarat submitted a letter to His Excellency drawing his attention to the fact that "the poor people of Gujarat had been compelled to resort to the extreme step of non-payment of the land revenue after they had exhausted every possible means without getting any redress from Government". They, therefore, stated that the responsibility for this step of non-payment of land revenue lay on Government and asked for a fresh and independent inquiry, and if the same was not granted, declared that the only alternative left to them was to tender their resignation as members of the Bombay Legislative Council and seek re-election on this issue.

15. After some correspondence in the course of which the tone and the language of the Gujarat Members was criticised, the Private Secretary to H. E. the Governor on the 23rd April 1928 came out with a reply that the assessment was very fair; that no case was made out for any inquiry; that the decision of the eight members of the Bombay Legislative Council to tender their resignation was "the expression of the self-evident and axiomatic proposition that Gujarat wants to shift the incidence of taxation to the rest of the Presidency". In the said letter, the vote of the Council dated the 13th March 1928 was held up as the considered opinion of the Bombay Legislative Council and as such binding. This correspondence (See Appendix) only caused bitterness in the mind of many members of the Legislative Council and brought people to realise the utter futility of ordinary methods of agitation.

16. On the 15th April 1928, Mr. Smart and Mr. Hartshorne came down to Surat to devise ways and means to counteract the movement in Bardoli. Between the 15th and 18th April 1928, a conference of the officials of the district appears to have been held at Surat. This conference was attended, in addition to the two European officers by the District Dy. Collector, Mr. Almoula, Mr. Lakhia the Mamlatdar of Bardoli and Mr. Chhaganlal, Mahalkari of Valod. After this conference and presumably as a result thereof Mr. Almoula started a determined campaign. Special japti (distrain) officers were appointed; about 40 Pathans were employed to help these officers; and a party of armed police was sent to the Taluka. Government seems to have come to the conclusion that the only way to break Satyagraha was to authorise the officers in Bardoli to exercise all powers which they thought they possessed under the Land Revenue Code, its rules and Government resolutions. Mr. Lakhia, a popular officer was forthwith replaced by Mr. Suleman Desai. The use of criminal law also appears to have been decided upon; and Mr. Eusufji I. Patel was immediately appointed a special First Class Magistrate for the disposal of prosecutions about to be launched,

17. On the 24th April 1928, Rao Bahadur Naik and Rao Saheb Dadubhai Desai waited upon H. E. the Governor and urged the necessity for a re-enquiry. Sir Leslie Wilson was sympathetic and promised to refer their grievances to the Acting Revenue Member the Hon'ble Mr. Hatch, and asked Rao Bahadur Naik to see Mr. Smart. Both these gentlemen on the next day saw the Revenue Member. All that could be got from the Hon'ble Mr. Hatch was an assurance that he had looked into the assessment; that it was proper; that with the extreme wing defying law and order in Bardoli, these gentlemen's efforts at compromise were futile and that if need be he would be ready to send soldiers to Bardoli. He further referred them to Mr. Smart for relief in individual cases. This furnishes a sad commentary on the mentality of the Indian Civil Servants even when they have to deal with administrative grievances. Rao Bahadur Naik thereafter met Mr. Smart on the 5th day of May 1928, who promised to look into individual cases only if the revised assessment was paid up by the agriculturists of the Taluka and Mahal.

18. But in Bardoli things were moving fast. Between the 18th and 23rd April 1928, japti parties consisting of a japti officer, talatis, some Pathans and armed police began operations in different villages. The parties went out in motor lorries, prowled about in different villages sometimes from 4 o'clock in the morning perhaps in the hope of finding the doors of landholders' houses being opened by persons going out for natural purposes. On the 24th April 1928, a herd of buffaloes not belonging to any specific owner was attached near the village of Afwa. Buffaloes of non-Khatedaris were also attached. These animals when attached were locked up in the thana without their physical needs being properly looked after. In this taluka, almost every family of agriculturists owns buffaloes, which in many cases serve as a means of livelihood and to which they are fondly attached. In the absence of any local buyers, butchers were imported from Surat to bid for these buffaloes. The seizure of domestic cattle their ill-treatment at the thana and their sale at gross undervalue, roused the deepest indignation in the whole taluka and their sale to butchers—an idea repugnant to the most sacred sentiments of the Hindus—created great resentment. The result was a spontaneous movement among the people to lock themselves up together with members of their family and their cattle in their houses to prevent seizure of their buffaloes. And for some days, at least at no time of the day and night were the cattle taken out of the house for watering or any other purpose. In the course of these attachment proceedings, nothing appears to have been respected. Attachments were levied before sunrise and after sunset, hedges were broken through or jumped over; doors were forced open or unfastened. These proceedings were sometimes directed against persons not liable to pay assessment. Chairs, cots, utensils and whatever was handy were seized. In order to take advantage of a casual opening of the door, Pathans and policemen were very often posted on both sides of the house, in one case, for about 18 hours. The terrified people in the whole Taluka locked themselves in their houses. This state of things continued right upto the end of June 1928. On the 17th June 1928, the condition which came into existence on account of these methods was thus described by one of us in his letter to H. E. the Governor :—

“ In order to save their beloved cattle, 40,000 men, women and children with these cattle have locked themselves up in small and insanitary houses for over three months. As I passed through villages silent, empty and deserted with sentinels posted at different ends ; as I saw women peeping through the barred windows to see whether it was the arrival of the “ Japti ” officer; as on being reassured and the doors being opened I was taken inside ; as I saw the darkness, the stench, the filth ; and the men, women and children who had herded for months in the same room with their beloved cattle, miserable, ulcerated, grown whitish by disease ; and as I heard their determination to remain in that condition for months rather than abandon their cattle to the tender mercies of the “ Japti ” officer, I could not help thinking that the imagination which conceived the dire “ Japti ” methods, the severity which had enforced them and the policy which had sanctioned them, were difficult to be found outside the pages of a history of mediaeval times ”.

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## CHAPTER V.

### METHODS IN OPERATION (*contd.*).

19. Other departments of Government also appear to have become hand-maids to the Revenue department. From the 19th April 1928, payments made by license holders for purchasing liquor came to be appropriated to Land Revenue. On the 24th April 1928, license-holders Dorabji and Navajbai of Valod had their liquor and chairs distrained and their shops locked up. On the 19th April 1928, two motor drivers who in consequence of their being previously engaged by the satyagraha Ashram could not put their cars at the disposal of the Collector were deprived of their licences. On the 21st April 1928, Mr. Hartshorne, the Collector gave an interview to the correspondent of the "Times of India" as follows:—

"Many of the agriculturists are willing to pay the land and other taxes due from them but these men are unfortunately being terrorised by threats of fire, violence and social boycott. If the agriculturists follow the foolish advice given to them by the non-co-operators, who are conducting this campaign and most of whom come from outside the Taluka and hold no land in the Taluka, and have, therefore, nothing to lose it will be the unfortunate cultivators, who will suffer in the long run. As a result of this campaign by the non-co-operator leaders, there is every likelihood of a disturbance occurring in the Taluka".

The allegation that the agriculturists were terrorised by non-co-operators we find to be entirely unfounded. On the 3rd May 1928, the Collector issued an order under section 39 (1) (*m*) of the District Police Act prohibiting people from collecting near the house of a Government servant. On the same day, the District Superintendent of Police issued an order prohibiting the use of drums and detonators in the villages. People were at first inclined to disobey these orders but Mr. Vallabhai advised them to obey them, which they did.

20. With the month of May, Government intensified their efforts. Herds of buffaloes, utensils, coats, sheets, whatever could be laid hold on, were seized. Buffaloes so seized were taken to the thana and sold to the butchers. In one case, a buffalo, beaten to a state of collapse was left near the house of the owner at 2 a.m. in the morning to die. On the 6th May 1928, arrests were made and prosecutions were launched against some workers. Between the 6th May and 25th May 1928, 24 persons were hauled up before the Special Magistrate, who tried them and convicted and sentenced most of them to various terms of imprisonment. The Pathans, who were the principal instruments to distrain buffaloes went out in the villages and their presence spread terror; their curious ways generally shocked the decency of the taluka. But in spite of these efforts Government got nothing. The people neither paid nor surrendered. Lands of large value were forfeited for comparatively nominal amounts of land revenue. Abortive attempts for the sale of these lands followed and the

occupancy rights in about 1600 acres of land were disposed of to outsiders at a ridiculously gross undervalue as hereinafter detailed.

21. As a result of these activities the whole of the Bardoli Taluka became one solid mass of humanity inspired by one determination and guided by Mr. Vallabbhai. Neither temptation nor terror affected this solidarity. Government were rendered impotent in spite of their frantic efforts to crush the movement and very often became the laughing stock of the Taluka. Huge meetings were held day after day in different villages, addressed mostly by Mr. Vallabbhai, who preached, inspired, controlled and taught the people the way to cheerfully bear their woes and terrors. The devotion and sacrifice of the people increased in proportion as the efforts of Government failed; their determination was very often enlivened by the ridicule which the ways of the officials evoked. And as an eye witness from among us stated "as Sjt. Vallabbhai passed through village after village, I saw men, women and children coming out with spontaneous homage. I saw illiterate women, old and young in their tatters painting his forehead with the mark of victory, laying at his feet, for their sacred cause their hard earned rupee or two; singing in their rustic accents songs of the misdeeds of the hopeless Government and I had to confess to myself that the official reports of an artificial agitation forced on unwilling people are to put it very mildly grossly inaccurate. Men laugh at your Government's attempts at terrorisation. They have borne well and are prepared to brave more. The most polite form in which they referred to Mr. Smart is a "Tiger with a voracious appetite for buffaloes" and the Japti Officer as a "Chhota Commissioner". I dare not put on paper the most modest phrase which they reserve for that enterprising and ambitious Mr. Almoula, who I wish in the interests of Government would be as sober as he is zealous".

22. Government apparently relying on the optimistic reports of local officials expected that the movement would crumble in a week or two; never gave credit to Mr. Vallabbhai or his followers for work; never believed that Bardoli was united and strong; assumed an indifferent attitude towards every effort for negotiations; and confidently awaited the time when official activities would completely annihilate the movement. As already stated on the 5th day of May 1925, pursuant to the suggestion made by the Hon'ble Mr. Hatch, Rao Bahadur Naik saw Mr. Smart at Surat, who offered to look into individual cases only if the full assessment was paid up. On the 8th day of May 1928, Mr. Smart wrote an interesting letter to one Dr. Edul-Beram intended for publication in which he stated "before starting stern measures to recover the dues of Government, I did my best to persuade the agitators from Kaira to give up their campaign. Government Officers could not place the case of Government before the people of Bardoli as they have been subjected to spying, mobbing and other indignities. Any one who approached them became suspect and was subjected to threats of excommunication. The ears of the people have been closed to the arguments which Government have put forward in Council and which induced the Council to reject the vote of censure by 44 to 35. No one is more anxious than I am that the

poor cultivators should not be ruined by the swarm of agitators who are living on them and misguiding them. I have made it quite clear to Rao Bahadur Bhimbhai Naik, M.L.C. that I am willing to investigate the case of any village, which can show reasonable ground for supposing that it has been wrongly grouped provided the refusal to pay the revised assessment throughout the Taluka and Mahal is abandoned." "Government cannot give up any possible measure to recover the revenue. Every revision lawfully introduced would be challenged. The agitators now in Bardoli are the same men who conducted the no-tax campaign in the Kaira District in 1918 and they have adopted almost the same methods to prevent those, who want to pay, from paying *e.g.*, threats of excommunication, social boycott and fines". "There are five Talukas in the Kaira District from which these agitators came, the revision settlement of which have been postponed for two years on account of floods. Nearly half a crore of Rupees has been advanced by Government in Kaira District for flood relief in the 7/8 months. If they succeed in Bardoli, the recovery of Government assessment and Takavi in Kaira District would be imperilled". The effect of such a tactless and unwise letter was to stiffen the Bardoli movement, to alienate every self-respecting public man and to disclose Government's intention to crush the Bardoli Taluka.

23. The situation began to be critical from every point of view. Rao Saheb Dadubhai Desai on behalf of the Gujarat members pointedly drew the attention of H. E. the Governor to the situation in his letter dated the 4th May 1928 and ultimately on the 15th May 1928, Rao Saheb Dadubhai Desai, Messrs. W. S. Mukadam, J. C. Swaminarayan, Jivabhai Patel, Dr. Dixit, Rao Bahadur Naik resigned their seats in the Legislative Council as a protest against "the high-handed policy and illegal measures adopted by Government to recover the revised assessment in the Bardoli Taluka". A few days later, Messrs. Amratlal D. Sheth and H. J. Amin also resigned. This drew the attention of the whole Presidency to the situation. On the 21st May 1928, Dr. Ansari, President of the Indian National Congress accompanied by Maulana Shaukat Ali went to Surat. Messrs. Jairamdas Dolatram and K. F. Nariman and others visited Bardoli and saw the struggle which was going on. Meetings expressing sympathy began to be held at different places in the Presidency. At the District Conference at Surat held on the 27th May 1928, Mr. Jairamdas Dolatram, M.L.C. from the presidential chair protested against the measures which were being taken in Bardoli in unequivocal terms.

24. Government was at Mahabaleshwar in May and was apparently either ignorant or indifferent as to the true state of affairs. About the 25th of May 1928 Dewan Bahadur Harilal Desai the Minister of Education made a representation to H. E. the Governor on the subject and a Cabinet meeting of the Government of Bombay appears to have been held about the 29th May 1928. Very little is known of this meeting except that Mr. Smart who had then gone to Mahabaleshwar left presumably with full powers necessary to deal with the situation. On the 31st May 1928, an announcement of Government's intention addressed to the agriculturists in the Bardoli Taluka was

published under the signature of the Revenue Secretary Mr. Smyth. (See Appendix). This document threatened more drastic measures; expressed satisfaction at the exemplary conduct of the Pathans; sanctioned the service of forfeiture notices issued by the District Dy. Collector; emphasized that such lands once forfeited and disposed of would never be returned to the agriculturists; stated that a large number of intending purchasers were forthcoming to purchase forfeited lands; and tried to explode what according to the writer was a hollow claim made by the non-co-operation leaders. This announcement, its tone and its nature left no doubt that Government had fully endorsed the attitude and the activities of the Local officers. In Bardoli proper this threat did not produce any effect. Japti parties moved from village to village helplessly. Village after village swore to stand by Bardoli and every one who came there with dispassionate eyes admired its great struggle and protested against the methods and attitude of Government and swelled the rising tide of public opinion.

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## CHAPTER VI.

### BARDOLI—AN ALL-INDIA QUESTION.

25. On the 30th May 1928, a public meeting was held in Bombay under the presidentship of Pandit Madan Mohan Malaviya condemning the repressive measures of Government; and funds began to be collected to help the struggle. On the 1st June 1928, the President of the Legislative Assembly the Hon'ble Mr. V. J. Patel addressed a letter to Mahatma Gandhi in which he stated that the Bardoli people had a just cause to ask for an independent and an impartial enquiry; expressed indignation at the coercive measures taken by Government; and characterised the letter of Mr. Smart as an arrogant letter, which had aggravated the situation. (See Appendix). Belgaum, Amraoti and distant places like Lahore held meetings sympathising with the Bardoli Movement. The Youth League of Bombay presided over by Mr. K. F. Nariman, started its incessant activities in the interests of Bardoli.

26. Mr. Vallabhbhai went on addressing meetings day after day in the whole of the Taluka. His inspired speeches listened to by thousands of people in Bardoli were reported in the Press all over India and familiarised the whole country with the struggle in all its aspects. In the districts of Gujarat, the Bardoli struggle evoked an intense and sympathetic response. On the 5th June 1928, Messrs. K. F. Nariman (Bombay), Mr. Balubhai T. Desai (Bombay), and Narayandas Bechar (Karachi) resigned their seats from the Legislative Council. In their letter accompanying their resignations they protested against the Government's methods in unmeasured terms. They said "But our resignations are intended more as an emphatic protest against the ruthless, oppressive and barbarous policy of repression that is deliberately started in the unfortunate Taluka of Bardoli with the object of striking terror in the minds of the illiterate inhabitants so that it may serve as a deterrent example to other Talukas." The official acts in Bardoli published day after day in the daily newspapers lashed popular opinion into a fury and this fury enabled the people of Bardoli to meet their trials with fortitude. On account of these acts, all vethias (village servants) had resigned. The Patels and talatis, the village officers, began to resign. The village administration became paralysed.

27. In the meantime, on the 27th May 1928, one of us, Mr. Munshi, member for the Bombay University, had addressed a letter warning His Excellency the Governor against the vindictive measures alleged to have been adopted in Bardoli. In his reply dated 29th May 1928, His Excellency stated that a definite attempt was being made to coerce Government by the use of the weapon of civil disobedience, that the re-assessment was generous and needed no new enquiry, that the Pathans' conduct was above reproach, that the tales of molestation reported were hopelessly exaggerated and summarised the Government's attitude as a just assertion of its rights to carry out its undoubted duty of up-holding the authority of Government. Mr. Munshi in his reply dated 1st June 1928, pointed out that the decision of Government would

either result in the elimination of the existing agriculturists in Bardoli or in bloodshed. He made an appeal for a re-enquiry and protested against the employment of mercenaries in recovering the revised assessment. Sir Leslie Wilson in his reply dated 11th June 1928 reiterated that no Government could concede the right of private individuals to usurp the functions of Government and no Government would be worth the name if it allowed such a thing to happen. He further characterised the conduct of the Pathans as excellent but stated that the Pathans had been ordered to be removed.

28. On the 8th June 1928, Mr. Jairamdas Dolatram (Hyderabad, Sind) resigned his seat in the Council. In all the other parts of India, the Bardoli struggle evoked sympathy and admiration. On the 12th June 1928, "Bardoli day" was observed in Bombay and in many other places in the country. The Bardoli fund began to swell. When the Bardoli day was celebrated in Bombay, a hartal was observed and public meetings were held. Correspondence between Mr. Munshi and His Excellency the Governor was published in the "Times of India" the same day and the attitude taken up by His Excellency the Governor was adversely commented upon by the whole of the national press in India. (See Appendix).

29. In the meantime, the Director of Information, who had stated that the patels and talatis were forced to resign was contradicted by the Talatis themselves. On the 17th June 1928, three boys, who were sitting at some distance from the Collector's Bungalow, were convicted and sentenced. On the 10th June 1928, eleven accused were sentenced to various terms of rigorous imprisonment. The letters of H. E. the Governor and the communique of the Director of Information clearly show that the Government Head-quarters were not well-informed as to the actual happenings in Bardoli. On the 15th June 1928, Mr. Munshi visited Bardoli and on the 17th June 1928 he sent in his resignation. In his letter to His Excellency the Governor which accompanied his resignation, he placed the whole position in a manner which to some extent succeeded in drawing the attention of many people to the true situation in Bardoli. The Indian Merchants Chamber of Commerce started correspondence with His Excellency the Governor. The President of the Chamber Mr. H. P. Mody, Sir Purshottamdas Thakoredas, M.L.A.; and Mr. Lalji Naranji, M.L.C. put themselves in communication with H. E. the Governor and then with Mahatma Gandhi and Mr. Vallabhai Patel.

30. About this time Mr. Smart and Mr. Healy, Special Superintendent of Police visited Bardoli and had for the first time a look at the deserted villages. About the 4th or 5th June 1928, Government seemed to have sent orders to Mr. Smart to remove the Pathans. On the 11th June 1928, H. E. the Governor informed Mr. Munshi of the removal of the Pathans to remove popular misunderstanding. On the 14th or 15th June 1928, they were actually removed by the officials after they had circulated a notification in the Bardoli Taluka that the Pathans had been removed because monsoon had set in.

31. In Bardoli almost all the patels and a large number of talatis (village officers) had submitted their resignations. Rains came in, roads became difficult of passage and Japti raids had to be suspended. Agriculturists went to their respective lands and commenced sowing. Contributions to the *satyagraha* fund flowed in from all quarters of India and the whole of India began to take a keen interest in the movement. Government granted to the Viramgaum Taluka a re-enquiry on a mere resolution of the agriculturists being communicated to Government. On the 19th June 1928, the agriculturists of the Chorasi Taluka protested against their silence being misconstrued and resolved not to pay the land revenue next year unless proper re-enquiry was made. On the 20th June 1928, Mr. F. J. Ginwalla (Bombay) resigned from the Council. On the 22nd June 1928, Mr. H. P. Mody and Sir Purshottamdas Thakordas waited upon H. E. the Governor. Nothing however came out of these negotiations, as the Government insisted on only an official re-enquiry, on condition that the revised assessment was paid first. On the 22nd June 1928 this Committee was constituted.

## CHAPTER VII.

### THE PROCEDURE ADOPTED.

32. We shall now proceed to investigate into the methods employed by Government to recover arrears of land revenue in the Bardoli Taluka and Valod Mahal and the complaints concerning them. These complaints may be classified as follows:—

- I. The procedure prescribed by the Land Revenue Code and the Rules thereunder regarding forfeiture and sale of land was in many cases disregarded or imperfectly observed.
- II. Lands disproportionate in value to the amount of assessment recoverable were forfeited and disposed of.
- III. The disposal of land was effected at a gross undervalue.
- IV. In the case of moveable property, the procedure laid down for distraint and sale was in many cases disregarded.
- V. Doors of dwelling places were broken open for the purpose of levying distraint.
- VI. Distraints were made at hours of the day and night not permitted by law.
- VII. Articles exempted from attachment were distrained.
- VIII. Property of non-Khatedars was sometimes (a) attempted to be distrained or (b) distrained and sold, without a proper inquiry as to ownership.
- IX. The articles distrained were sold at gross undervalue.
- X. Inhuman treatment was meted out to the animals distrained.
- XI. That the Pathans who were employed were guilty of indecent and improper behaviour and of gross cruelty to animals.
- XII. Aid of the Criminal Law was invoked unjustifiably.
- XIII. Prosecutions were conducted and convictions made improperly.
- XIV. The methods adopted were harsh and vindictive.

33. In order to appreciate our conclusions, we think it necessary to set out shortly the provisions of law relating to the processes by which land revenue is recovered. These processes are enumerated and vaguely defined by the Land Revenue Code, supplemented by Rules and Government Resolutions and place the widest possible powers in the hands of the Collector of the district. The arrears of land revenue are a first charge on the land of a Khatedar and can be recovered by (a) serving a written notice of demand, (b) forfeiture of the occupancy, (c) distraint and sale of defaulter's moveable property, (d) sale of defaulter's other immoveable property, (e) arrest and imprisonment of the defaulter and (f) attachment of villages or shores

in villages. All these processes, though independent, can simultaneously be adopted by the Collector. In this connection we are concerned with the first 3 processes which were the principal ones to be brought into simultaneous operation in Bardoli. The Mamlatdar, Mahalkari and Head Karkun can issue a notice of demand for arrears of revenue but Government are not bound to wait till the expiry of the period given in the notice and can forthwith put other processes into operation.

34. Out of two other processes we shall first deal with forfeiture as the aforesaid complaints I, II and III arise in connection therewith. Law prescribes that in order to forfeit a holding the Collector has to issue a proclamation and a written notice giving 15 days time. Such a notice has to be, among other places in which the land is situate, affixed at the Chavdi or any other public building in the village and at the defaulter's dwelling place. The proclamation and the notice are to be issued in a prescribed form and the omission of these formalities invalidates all proceedings. After such a proclamation and notice alone the Collector has the right to forfeit lands. Of course, if the Collector thinks proper he may not forfeit the whole land. Having forfeited the land the Collector has to make a declaration of forfeiture.

35. We shall now deal with the first allegation that the procedure prescribed by the Land Revenue Code and the Rules regarding forfeiture and sale of land were in many cases disregarded or imperfectly observed. The formality required for forfeiture as stated above is the proclamation by beat of drums at the head-quarters of the Taluka and at the village in which the immoveable property is situate. We find that in no case was the proclamation made by beat of drums. We questioned a large number of witnesses on this point including the talatis and patels themselves and also made local inquiries in the villages, which we visited at different times and all the evidence conclusively establishes the fact, that this important formality does not appear to have been adopted, throughout the Taluka. Proclamation by beat of drums at the village as required by Section 166 of the Land Revenue Code was not made in any of the cases of which evidence has been given before us. The formalities of notice and proclamation are imperative and non-observance of any of them invalidates the procedure as has been pointed by G. R. No. 11876 dated 3rd October 1917. In these respects, therefore, the first allegation is founded in fact.

36. As to fixing of notices the evidence before us warrants us in coming to the following conclusions :—

- (1) Bundles of notices instead of being affixed at the Chavdi or at some public place in the village were left any where in the villages sometimes pinned to a thorn or weighted by a brick or stone.
- (2) 13 notices of forfeiture dated the 7th day of May 1928 due to expire on the 22nd May 1928 were affixed at the Chavdi in one of the villages on the 27th day of May 1928.

- (3) In one case, one of the khatedars was served with a notice which was neither dated nor signed.
- (4) Many notices were affixed at the houses of persons other than the defaulters to whom the notice was directed.
- (5) Notices of forfeiture were not affixed at the dwelling house of many defaulters whose lands were forfeited.
- (6) Some of us in one of the villages came across a large bundle of notices bearing no date tied up by a string to a pillar of a private house in the village.
- (7) Some notices dated 24th day of May 1928 giving a fortnight's time had been affixed at a house not belonging to the defaulter on the 9th July 1928.

These facts lead us to the conclusion that in some cases notices of forfeiture were not prepared and affixed according to Law; that in some cases, notices were affixed at wrong places; that some notices were affixed long after the expiry of the period mentioned therein. The number of cases of irregular notices actually put before us is fairly large and drawn from different places in the taluka—thus indicating that irregularity was not restricted to any small area of the taluka.

## CHAPTER VIII.

### FORFEITURE AND DISPOSAL OF LAND.

37. The second complaint is as stated before, that lands disproportionate in value to the amount of assessment recoverable were (1) forfeited and (2) disposed of. We shall first take the cases of excessive forfeiture. As stated before (para 34) Law places in the hands of Government through the Collector drastic powers of forfeiture. The rule vests in the Collector a discretion to restrict the forfeiture to a part of the land, if in his opinion the arrears can be realised by sale of such part. This wholesome rule has been totally disregarded. Even where moveable property was available for distraint, large holdings were forfeited for a comparatively small amount. Official records show the value of lands in the taluka at about 100 to 123 times the assessment. The evidence of sale of lands before us in normal times leads us to the conclusion that lands in this taluka are valued at Rs. 150/- to Rs. 800 per acre, according to the nature of the soil, its peculiarities and proximity to towns and railway stations. We learn that over 6000 notices of forfeiture were issued covering a large bulk of these valuable lands in the Bardoli Taluka. In order to show the extreme nature of this action, we give below a few of the typical instances of which we have records:—

Assessment.	Value of the land forfeited.
(1) Rs. 214 } Rs. 202 }	Rs. 25000 to 30000
(2) Rs. 1200	Rs. 40000 to 50000
(3) Rs. 450	Rs. 15000 to 20000
(4) Rs. 385	Rs. 30000 to 37000
(5) Rs. 150	Rs. 13000

This wholesale forfeiture of valuable lands for assessment one hundredth in value, though within the strict bounds of law, is indefensible from any other point of view, either moral or administrative.

38. Now we come to the disposal of forfeited lands. According to law, after the declaration of forfeiture, the Collector need not sell the land but can either restore it to the defaulter or transfer it to any other person on certain conditions or *otherwise dispose it of*, i.e., can enter the land as "unoccupied", if by reason of agricultural depression, want of demand or combination of neighbouring landholders, he does not expect to realise a proper price. In the last case at the discretion of the Collector, the land becomes government property. This property he can assign under section 38 of the Land Revenue Code or dispose of in accordance with the special orders for its disposal passed by Government. Ingenuity cannot devise nor language discover better methods of concealing the central fact that all forfeited lands are at the disposal of the Collector, who is more often than not backed up by Government.

Though the provisions of law set out above permit the Collector to dispose of forfeited lands otherwise than by sale, we cannot but consider such a right exercisable by the Collector as highly arbitrary and unjust and leaves the agriculturists in a helpless condition. These powers appear to have been used in the Bardoli Taluka on this occasion to the fullest extent. *The startling fact is that land admeasuring about 1600 acres of the present market value of not less than Rs. 3,00,000 was forfeited for an assessment value not exceeding Rs. 7000/-, was entered as Government "Unoccupied" land and the occupancy rights therein were disposed of in favour of certain individuals for a sum not exceeding Rs. 11,000/-.* These transactions technically legal are in our opinion absolutely unjustifiable and that they can be possible under the existing laws is a sad commentary on the present form of Government which have allowed such laws to be placed or continued on the statute book.

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## CHAPTER IX.

### DISTRAINTS OF MOVEABLES : BREAKING OPEN THE DOORS.

39. We shall now deal with the allegations connected with the distraint and sale of moveable property, a process, which was enforced simultaneously with the forfeiture and disposal of immoveable property. The law provides that distraint and sale of moveable property, of the defaulter are to be made by certain officers nominated by the Commissioner for this purpose. An order for distraint can be given even in ordinary correspondence. Moveables exempted from attachment under Section 60 of the Civil Procedure Code are not to be distrained but—as the vagary of the Land Revenue Code would have it—the Collector is the final judge as to what property is entitled to such exemption. Wearing apparel, cooking vessels, beds, beddings, ornaments which could not be parted with by a woman in accordance with religious usage, tools of artisans, implements of husbandry, houses and other buildings of agriculturists are some of the articles exempted under Section 60 of the Civil Procedure Code. For the purpose of distraint, dwelling houses are not to be broken open. After distraint, the property is to be sold after a notice and a proclamation as in the case of immoveable property. Both the notice and the proclamation are to be affixed as in the case referred to in paras 34 & 35. The sale by auction is not to take place except after 7 days from the date of the notice so affixed.

40. The fourth complaint relates to the procedure relating to the distraint and sale of moveables. In paragraph 18 we have described the methods adopted by the Japti parties that went out to distrain moveables. On account of the agriculturists closing their doors, these parties found it difficult to distrain moveables, and in the course of the frantic efforts which they made they committed the following acts:—

- (1) Distraints were levied by the Pathans, policemen or revenue peons, who were at the moment of levying distraints not accompanied by the Japti Officers duly nominated by the Commissioner.
- (2) After the moveables were distrained no punchnamas were made except in some rare cases.
- (3) Many persons did not receive notices of sale of their distrained property.
- (4) In some cases, notices were found to have been delivered to wrong parties without any enquiry.
- (5) No proclamation by beat of drum was made at all.
- (6) Distrained articles when sold at the auction were allowed to be purchased by a Government peon or a policeman and in several cases even though the peon or policeman were absent, the Mamlatdar or the Mahalkari conducting the auction bidding at the sale on behalf of such peon or policeman, stating that he was asked to bid on their behalf.

These facts establish, in our opinion, that in many cases, the proceedings for the distraint and sale of moveables were either illegal or irregular.

41. The fifth complaint deals with breaking open the doors of dwelling houses. In spite of the fact that such an act is prohibited (G. R. No. 9982 of 1884) considerable evidence was placed before us of a large number of cases where the doors of dwelling houses were forced open for the purpose of levying distraint. The following are some of the glaring instances, which we came across in the course of our investigation :—

- (1) One member of the Japti party made a hole in the door, inserted his hands through it and attempted to open the inside latch. Having failed, the door was lifted out of its hinges and an entry in the house was effected.
- (2) A party broke open the outer gate and fence of a passage leading to the backyard of a house and gained an entry in the backyard. There, attempts were made to break open the back door of the dwelling house; but as logs of wood were piled up against the door from inside, they did not succeed. The party thereupon entered the yard of a neighbouring house where it broke open the door of one of the rear rooms. It found that the communicating door to the other room of the house was bolted from inside and so it could not gain an entry into the other room of the house. It, therefore, took away whatever articles it could find and proceeded to another room of the same house, the door of which was opened by the following interesting process. The window of this room was open. Some men of the party inserted a bamboo long enough to reach the door which was a few feet away and with the end of the bamboo pushed open the inside latch of that room. In this way, the japti party entered the room but could not get entry into the other room, as it was bolted. They took possession of a drinking pot and left.
- (3) One of the Pathans belonging to japti party opened the lock on the door of the house by fitting a key out of a bunch of keys, which he took from another person. Having opened the lock, he called the attachment officer.
- (4) One party entered the compound of a house by breaking open the door and attached a few things. The party then left; and the next day the lock of one of the rooms was broken open. As the room was also bolted from inside, the party could not enter the house.
- (5) Another party attempted to break open the door of a house, which had been bolted from inside. Inside the house, a carpenter was working on a partition wall. The owner of the house got the

carpenter to support the door from inside. As the party failed in its attempt to break open the door, it went away threatening the owner with criminal prosecution.

- (6) One party lifted the door of a non-khatedar out of its hinges and attached certain moveable property. This property was sold and the sale proceeds thereof were credited towards the assessment recoverable from the father of the person whose house had been thus broken open. The father was separate in food, worship and estate from the son.

These and numerous other instances of a similar kind spread over different villages brought to our notice during the course of our enquiry leave no doubt in our minds that the forcing open of doors was by no means the isolated action of a wayward officer. Some of us personally visited certain villages and actually saw the broken doors. In view of this evidence, we have come to the conclusion that the japti parties, which went out for levying distraint on many occasions broke open or jumped over fences or compound walls of dwelling houses and in a number of cases gained entry into the dwelling house by breaking or otherwise forcing open the doors. The latter conduct was highly irregular. It is unfortunate that such an important matter should not have been provided for in the code itself.

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## CHAPTER X.

### DISTRAINT OF MOVEABLES.

42. We now come to the sixth allegation. Being aware that distress could not legally be levied before sunrise or after sunset, the agriculturists of this taluka, as stated above, resolved upon locking up their doors before sunrise and not opening them before sunset. The Japti parties, however, tried to take the people by surprise and we find from the evidence which we consider quite reliable that these parties used to come to villages at late hours of the night and also long before sunrise and levy distress upon such moveables as they could get hold of. The following are some of the instances of the surprise visits :—

- (1) A Japti party seized buffaloes which had been taken to the village water trough at Varad for being watered before day-break.
- (2) On the 7th of May 1928 another party went to Vadoli before day-break and seized a buffalo which was moving about in the compound of a house. The buffalo belonged to a widow and was the principal means of her livelihood. The land stood in the name of her minor son and the assessment was only Rs. 4-8-0. She has not been informed as to what happened to her buffalo.
- (3) On the 2nd of May 1928 at 4 a.m. in the morning a cart carrying beans was attached while on its way to the Bardoli Railway Station.
- (4) A herd of about 60 cattle was returning after sunset after being watered. A Japti party with Pathans captured 6 of the buffaloes, the rest of the herd running away. As the Pathans in charge could not control the buffaloes help was sent for from Bardoli and the buffaloes were taken away at 10-30 p.m. at night.
- (5) On the 14th of May 1928 certain residents of Baroda territory were going to their village Pisad with buffaloes and calves purchased by them. A Japti Party before dawn seized the animals near Nirat and took them away, inspite of the owners' remonstrance. The owners later applied for their cattle being restored to them but without any result. The owners have no knowledge as to when and for what amounts the cattle have been sold.
- (6) There are several instances of Japti parties concealing themselves behind hedges and seizing cattle as they came along the road long before dawn.

There is a fairly large number of such instances of which evidence was given before us showing that the distraint was levied before sunrise and after sunset. It is quite clear that as Japti parties were unsuccessful after daybreak and before sunset they levied distress during hours not permitted by law.

43. The next allegation is about the attachment of exempted articles. We are not aware of the instructions, if any, given by the Collector under Section 156. We had a number of witnesses before us who complained of their exempted articles being taken away. The following articles which in our opinion ought to be exempted from attachment under Section 60 of the Civil Procedure Code, were seized viz.,

- (1) Brass and copper cooking vessels,
- (2) Beds,
- (3) Seeds,
- (4) Cart and bullocks.

In some cases the owners went to the officer and on his attention being drawn to the nature of the articles they were released from distress. In the majority of cases the articles never came back to the owners, and most of these owners are ignorant as to their fate.

44. The eighth complaint relates to property, which was attempted to be distrained and sold without inquiry as to ownership and in some cases after non-khatedar owners had claimed it. In the course of their raids on villages, the Japti parties including the Pathans used to seize any animal which they found on the road, entered any house they pleased during the absence of the owner, without caring to inquire beforehand whether they were khatedars or not and in the cases of non-khatedars, they usually threw the onus of proving the fact on the non-khatedars. It must be remembered that japti officers are supposed to act on warrants of attachment directed to them. The procedure adopted points to the inference that either no warrants were issued or if they were, they were disregarded in carrying out the japti work. The following typical instances show the indiscriminate nature of these distrains :-

- (1) A tonga belonging to a relative of a khatedar who had come from another village for a visit to Nani Farod was attached and taken away while it was lying outside the house.
- (2) On the 8th of May 1928 at about 8 or 9 a.m. a Japti party with Pathans came to Ruwa. The officer stopped in his car at some distance and the Pathans went and attached a buffalo belonging to a non-khatedar and two calves belonging to a khatedar. No inquiry as to ownership was however made at the time of the seizure. When the seizure was reported to the officer he came to the village to find the owner of the calves. The Pathans pointed out the house near which they seized the calves and he then ascertained the name of their owner who was a khatedar. Next day the non-khatedar owner of the buffalo claimed his buffalo and he was asked to bring his witnesses to prove that the buffalo which had been seized by the Pathans was his. When he went to the thana with his witnesses and complained that he was not a

khatedar and asked for the return of his buffalo, he was asked to pay Rs. 15/- for the expenses of keeping his buffalo or in the alternative to pay assessment which was due from his brother, who was a khatedar. He refused to do either and his buffalo was, therefore, not returned and nothing has been heard of it since.

- (3) On the 30th of April 1928, a Japti party came across a herd of about 60 buffaloes near Siker. On seeing the officers' motor car all the herdsmen except one took to their heels. He was asked some question, his thumb mark was taken on a statement and the whole herd was seized and driven to the thana. Notices were thereafter sent to certain khatedars that buffaloes belonging to "Rama Govind and others" would be sold by auction on the 8th of May 1928. No effort appears to have been made to find out to whom the buffaloes belonged or to whose account the sale-proceeds of the said buffaloes were to be credited. In consequence, the buffaloes were sold on account of an unascertained group of khatedars and the receipts in respect of the sale proceeds were forwarded among others to persons who did not own any buffaloes in the herd. Many persons to whom the buffaloes belonged never got credit for the price of their buffaloes. We have examined most of these people, seen their documents and have come to the conclusion that this is an instance which represents the high water-mark of irregularity.
- (4) On the 12th of May 1928 two buffaloes and a mare were attached in the backyard of a khatedar. One of buffaloes belonged to his aunt who sent a registered notice claiming back the buffalo but she received no reply. The aunt then went to the thana to claim the buffalo and she received a reply that the buffalo could not be relieved unless the assessment of her nephew was paid or another buffalo was substituted. The aunt came back without getting the buffalo back or its price.
- (5) At Mori on the 4th of May 1928 a Japti party came across a herd of buffaloes after sunset. About 6 buffaloes were seized. As the Japti party did not know the name of the owners of the buffaloes they hit upon a novel method of tracing the owners. The buffaloes were let free in the village and the houses outside which the buffaloes went and stood were noted. The buffaloes were treated as the property of the man before whose house they happened to go and stand.
- (6) On the 1st of June 1928, 3 buffaloes which were on the road near Chhima were seized. They did not belong to a khatedar and the owner made an application for restoration but the same was rejected.

Thereafter he came to know that another khatedar none of whose buffaloes were attached had received a notice of a sale of three buffaloes. Presuming that the buffaloes put up for sale were his, he made inquiries and found that it was so. He applied for stopping the auction sale. He was asked to furnish security which he did and the auction sale was cancelled.

- (7) There are numerous instances where buffaloes belonging to persons who were non-khatedar were seized, and when they went to claim their cattle they were asked to pay or to give an undertaking to pay the feeding charges.
- (8) On the 14th of May 1928 a buffalo, a calf, a carriage and a cycle belonging to a non-khatedar were attached but released later, on application.

Instances of such proceedings can still be multiplied. They show that in many cases no inquiry was made as to the ownership of the property sought to be distrained, and if any was made it was very perfunctory, and was made only after the property was seized; that in many cases the property belonging to non-khatedars was indiscriminately distrained; that no proper inquiry was made before the sale of property even though the owner applied for the restoration of property; that even where property belonging to non-khatedars was admittedly attached, it was not restored except on their submitting to conditions not warranted by law like payment of feeding charges. On this evidence we are justified in arriving at the conclusion that the charges that property was distrained and sold without enquiry as to ownership and that property belonging to the non-khatedars was distrained and sold is fully established.

45. There are two instances in a class by themselves. They are likely to become *sub-judice* and we shall only rest content with setting one of them out in the form in which it was placed before us during the course of our inquiry.

One Ghela Parag and others were members of a firm which owns a ginning factory at Jallalpur. It appears that the Sarbhon Co-operative Society had sold to Ghela Parag cotton and received the price thereof. This cotton had been baled into 52 bales by Ghela Parag and these bales with about 450 others were lying in the factory. On the 8th of May 1928 the manager of the factory was told that the bales belonging to the Sarbhon Co-operative Society had been attached. The manager protested that there were no bales belonging to the society with him. In spite of this, two policemen were posted at the factory and remained there upto the 1st of June 1928. On the 10th of May 1928 a notice under section 141 of the Land Revenue Code to the effect that 52 bales of cotton belonging to the society were attached was affixed. The attachment was persisted in and Ghela Parag paid Rs. 3,266-3-1 under protest to stop the sale. A letter was thereafter received by Ghela Parag and others stating that the land

revenue due by the members of the society had been received and credited to them and inquiring whether the receipts should be sent to the factory-owners or to the khatedars to whom the money was credited. In this case the defaulters were individual members of a registered society. The registered society appears to have sold cotton to the factory owners who had ginned and baled the cotton. These bales had not been ear-marked and yet they were attached. The factory owners were made to deposit the amount of the assessment under protest and the receipts for the amounts were given to the members of the Sarbhon Co-operative Society. At the time when we took evidence the factory owners intended to file a suit against the Secretary of State. We do not know whether after the settlement anything has been done in the matter. A somewhat similar case is of Naranji Dullabh.

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## CHAPTER XII.

### SALES AT AN UNDER VALUE.

46. We now come to allegation No. IX that the sale of movables was at gross under-value. We have already dealt with the disposal of immoveable property at ridiculous prices in another chapter. We propose to annex here a tabular statement showing a few out of numerous similar sales of moveable property which in a majority of cases consisted of buffaloes. Buffaloes are a source of considerable income and to the peasants they are therefore of much greater value than any other form of property. It is probable that it was for this reason that they were selected for special attention. Although we have classed them along with other moveable property they are not on a par with bags of grain, furniture or other moveable property attached but form a class by themselves.



No.	Village.	Property attached.	Approximate value.	Amount realised.	Amount credited.	Remarks.
			Rs. a. p.	Rs. a. p.	Rs. a. p.	
1	Vedchi ..	Cotton .. ..	170 0 0	21 0 0		Amount credited against assessment.
2	Siker ..	44 Cattle .. ..	4,625 0 0	335 0 0		We have examined some of the witnesses whose cattle were sold thus (1) 4 buffaloes of the value of Rs. 515/- were sold. A receipt was received for Rs. 29-5-3. (2) 5 buffaloes of Rs. 475/- were sold, a receipt for Rs. 41/- and odd was issued and credit was given for Rs. 12/-. (3) 7 buffaloes of Rs. 500/- were sold, and credit was received for Rs. 15/- and odd.
3	Isroli ..	2 buffaloes .. ..	250 0 0		15 4 0	
4	Valod ..	1 Liquor, 2 Chairs 3 Casks.	2,000 0 0		236 0 6	
5	Valod ..	1 mare and other articles.	Mare 150 0 0 other articles Rs. 100/-			No information has been received about the mare but the articles were sold for Rs.6-12-0
6	Butwada ..	1 Mare, 2 buffaloes	Mare 250 0 0 Buffaloes 250 0 0			Rs. 24/- Rs. $\frac{82}{55}$ -
			500 0 0			

7	Valod ..	1 Rubber tyre Tonga ..	235 0 0		45 0 0
8	Hathuka ..	1 Buffalo .. ..	125 0 0	6 0 0	
9	Bajipura ..	2 Buffaloes .. ..	250 0 0	30 0 0	
10	Siker ..	1 buffalo .. ..	125 0 0	12 0 0	6 8 0
11	Delwada ..	2 buffaloes .. ..	250 0 0	24 2 0	13 0 0
12	Delwada ..	2 buffaloes .. ..	250 0 0	30 0 0	19 0 0
13	Degama ..	2 buffaloes .. ..	200 0 0	1 died 1 sold for 12 0 0	
		1 calf .. ..	25 0 0	5 0 0	
			225 0 0	17 0 0	
14	Degama ..	1 Tonga .. ..	150 0 0	20 0 0	
15	Degama ..	1 Tonga .. ..	125 0 0	7 0 0	
		and other articles ..	40 0 0	7 10 0	
			165 0 0	14 10 0	
16	Bajipura ..	6 buffaloes, 1 calf ..	925 0 0	78 0 0	
17	Kantali ..	4 buffaloes, 1 calf ..	450 0 0	45 0 0	1 14 0
18	Balda ..	1 buffalo .. ..	125 0 0	Not known	3 4 0
19	Delwada ..	2 buffaloes .. ..	175 0 0	"	19 0 0
20	Delwada ..	2 buffaloes .. ..	200 0 0	30 0 0	
21	Nowagama ..	1 buffalo, 1 calf, other articles.	175 0 0	10 2 0	
22	Buwasan ..	1 buffalo, 1 calf, other articles.	175 0 0	.....	22 0 0

We would here draw attention to the fact already referred to in a foregoing chapter, that at many of these auction sales Government peons and police were allowed to bid and some times in their absence bids were made on their behalf by the officer who held the auction sale. We have got several instances of such sales but in view of the instances given we do not think it necessary to multiply details. We have got statements of witnesses who have given full details of these sales including the names of the purchasers.

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## CHAPTER XIII.

### TREATMENT OF CATTLE, &c.

47. Allegation No. X is that inhuman treatment was meted out to cattle which were distrained. In the first place it appears that the Pathans who were employed by Government to assist in japtis usually beat the buffaloes mercilessly with the lathis which they carried. We have evidence to the effect that at least one buffalo died and several were maimed as a result of this beating; that when in thana they were starved and not given sufficient water to drink. In several cases in which buffaloes belonging to non-khatedars were attached and subsequently returned, the owners stated to us that they were absolutely in a starved condition. Several witnesses have deposed to the cruel way in which cattle were treated when they were being driven to the thana. In many cases because of the thrashing they got they bled or had bruises and wounds on their bodies. We shall only refer to a few cases. Two buffaloes and one calf belonging to a khatedar in an absolutely healthy condition were attached and taken to the Valod thana. One of these was after about a fortnight left on the road near the owner's house in his village in an extremely weak and emaciated condition with its hind legs broken. There were several wounds on its body, one of them on the mouth as a result of which the mouth was full of maggots. The owner tried to feed it but it could not eat or drink. After remaining in the place where it was left for three days in this piteous and painful condition it died. A photograph of this buffalo and the report of the Veterinary Surgeon, giving details of the various injuries has been produced before us and these fully bear out the above charge. In another case one of the buffaloes collapsed on the ground as a result of the beating but the beating continued in order to make it stand up. Numerous witnesses depose to the cruel beating of buffaloes by Pathans. In a third case one of the buffaloes got a big wound on the mouth, another was so badly beaten that its skin came off in several places and one of its legs was broken.

48. Feeding charges were demanded from non-khatedars whose buffaloes had been attached without inquiry. The animals in some cases were so badly starved that they could hardly walk when they were returned to them. The scandal became so great that Shah Jeevan Dewaji, the head of the Bardoli Mahajan, Nagarshet and Chairman of the Sanitary Board at Bardoli, approached the Mamlatdar in this connection and complained to him about the ill treatment and starvation of buffaloes, also of the insufficient quantity of water given to them. He offered on behalf of the Mahajan to supply food and water to all the buffaloes brought to the thana but was told that Government had sufficient money for the purpose. The witness however deposes that even after this the animals continued to be treated in the same cruel manner.

49. We will now proceed to consider the allegation (No. XI) that the Pathans employed were guilty of indecent and improper behaviour and gross cruelty to animals. We have already dealt with the cruelty that was meted out to the distrained cattle by

the Pathans. It is a matter of common knowledge that throughout the Bombay Presidency the Pathans are generally looked upon as a violent class and receive special attention at the hands of the police. That the members of such a class should have been employed among such mild people as reside in the Bardoli Taluka is in itself surprising. The conduct of the Pathans employed would not have received such attention had it not been for the fact that Government insisted on paying a glowing tribute to their exemplary behaviour. In this Chapter we are not concerned with their behaviour in connection with the activities of the japti parties which we have dealt with before but with their general behaviour. As to the complaint about their indecent behaviour, we have evidence before us of 4 incidents. The first incident is related by a young woman of about 22 who went to fetch water from the village well in the early morning. A Pathan smiled at her and took off his trousers. When the woman began to run he followed her but she escaped. We are inclined to think that this incident has been exaggerated by the frightened imagination of the young woman but the fact remains that the woman was frightened away by some attitude on the part of the Pathan which she had reasons to consider indecent. The second incident is deposed to by two Mahomedan girls and appears to be more serious. The two Mahomedan girls, one of 12 and the other of 8 had been to the village well in the afternoon where Mahomedan women go for fetching water. The girls came home and complained to their father that a Pathan stood near the well with his trousers removed. The statement of the girls was confirmed by their father who also complained about the same to a japti officer. The third incident is also of a Mahomedan woman whose hand a Pathan caught when she was coming from Dabhoi stream. As a cart came along the Pathan left her and ran away. The other incidents are of Pathans bathing naked in the streams at different places where all women, Hindu and Mahomedan went for bathing and washing clothes. The incidents are small in themselves and in no case resulted in a mishap; but we cannot endorse the opinion of Government stated on more than one occasion that the conduct of these Pathans was exemplary. That their conduct shocked the sense of decency of the people of the Taluka and their presence terrified the female population is beyond question. One of us Dr. Gilder, long after these incidents found a woman, in violent hysterics shouting that the "Pathans are coming".

50. There is also evidence that some of these Pathans committed several small thefts; particularly one incident deserves mention as considerable importance was given to it by the officials. One Pathan, Anwarkhan, a watchman on the Tapti Valley Railway Co. in the Watch & Ward department on the Bardoli Railway Station arrested one of the Pathans employed by the Revenue Department for stealing salt by tearing open a bag lying on the railway station. This Pathan was removed from Bardoli and was not put up for trial. Anwarkhan however made a statement before Mr. Vallabhbhai Patel charging the Revenue Pathan with theft, and was also going to appear before us and give evidence. On the 29th of June 1928 a Railway Inspector of the Watch and Ward Department went and stated to Mr. Vallabhbhai Patel that Anwarkhan had

told him that the statement which he gave to Mr. Vallabhbhai was not genuine but that his signature was taken on a blank paper. Mr. Vallabhbhai asked the inspector to produce Anwarkhan. When Anwarkhan came he confirmed the fact that he had made a statement and said that he had made the statement freely and voluntarily and that what he had stated before was true. Attempts were made to make Anwarkhan retract his statement; and on this attempt failing, this important witness was suddenly removed from Bardoli. It is surprising that different departments should put themselves to such pains to hush up a petty theft committed by one of the Revenue Pathans.

## CHAPTER XIV.

### THE USE OF CRIMINAL LAW: PROSECUTIONS AND CONVICTIONS.

51. One of the methods adopted by the Government, as stated before, was soon after the struggle commenced, to launch prosecutions against a number of *Satyagrahi* workers in the Taluka and others. As a result of these prosecutions the people were no doubt subjected to a certain amount of annoyance and the victims to the necessary hardship, but being prepared for the worst they bore it with indifference if not cheerfully. The alleged offences, even if the evidence given in support is to be accepted in full, were of an extremely trivial nature. As most of the accused did not choose to defend themselves convictions were not difficult to secure. We might add in passing that the work of judging between Government and the accused was entrusted to an ordinary officer of the Revenue Department, Mr. Yusufji Patel. We find from the Civil List that he is a Resident First Class Magistrate of the rank of a Mamlatdar. He is thus for his future prospects dependent upon the good-will of the persons who appear before him in the capacity of prosecutors. In such a heated atmosphere as of Bardoli if the Government was anxious to do justice a judicial officer, independent of the Revenue Department, would have been fitter to discharge the onerous task. The position of Mr. Y. I. Patel was to a certain extent unfortunate if not unnatural. We have no doubt that to the best of his ability he endeavoured to act justly and conscientiously. We must, however, add that the circumstances and the atmosphere were such as to make it more or less impossible even for a more highly placed and independent officer to act with rigid detachment.

52. According to the information we have been able to gather prosecutions were launched or attempted to be launched against 31 persons, 5 of these were discharged and 3 acquitted and 22 were convicted; 5 out of these appealed against the conviction and convictions in the case of 4 were set aside. After the settlement prosecutions against 2 persons which were pending were withdrawn.

Before we examine the various cases in detail we might note that

- (a) most of the *Satyagrahi* accused were by reason of their creed averse to leading any evidence or to filing an appeal;
- (b) these workers invited the magistrate to impose the highest punishment he could in order to indicate their utter indifference towards these penalties;
- (c) the prosecution witnesses in most cases were petty Government servants; and
- (d) in most of the cases as a matter of fact heavy sentences were imposed.

53. In case No. 1 of 1928 Ravishanker Shivram Vyas was charged with obstructing a public servant in the discharge of public functions under sec. 186 and or having committed criminal trespass under sec. 447 of the I. P. C., on the complaint

of the Mamlatdar of Bardoli. The accused was a leading non-co-operator, a well known disciple of Mahatma Gandhi and a Lieutenant of Mr. Vallabhbhai Patel. The facts shortly stated were that the Mamlatdar had procured three bullock carts for the purpose of transporting the luggage of the District Deputy Collector from Bardoli to Valod and while the luggage was being loaded into the carts the accused went into the compound of the Kutcheri "without permission" and told the cartman not to drive the carts whereupon two of the cartmen left their carts and went away. According to the accused the cartmen were unwilling to lend their services and in consequence he advised them that they were not bound to drive the carts in case they did not desire to do so. Under Sec. 447 the offence is committed if the accused enters upon property in the possession of another with intent to commit an offence or to intimidate, insult or annoy any person in possession of such property. It may be noticed here that the Kutcheri compound is a public place and ordinarily no permission is necessary to enter into the compound. It is doubtful whether the Mamlatdar can be said to be a person in possession of his compound. However that may be, one thing is certain that the intention of the accused was not to annoy the Mamlatdar but to advise the ignorant cartmen regarding their undoubted rights.

54. In this connection the learned Magistrate says that one of the cartmen was threatened and so he got afraid and went away. No attempt seems to have been made to elicit the facts whereby a harmless *Satyagrahi* all by himself could possibly, in the presence of the Mamlatdar, Police Jamadar and the Police Head Constable who were all present on the scene have succeeded in intimidating the cartmen. In our opinion, no element of threat or criminal force such as would constitute an offence under Sec. 186 seems to have been established and in order to convict a man under that section there must be some over-act done or physical means used by the accused. It is needless to say that the accused did not defend himself.

55. Even the refusal of permission for measuring land, prohibiting a Government servant from measuring land, refusing to lend a cart on hire to a Government officer, preventing persons from bringing children for vaccination, objecting to the search of one's house without force or threatening language have been held by the different High Courts not to amount to obstruction, such as would be covered by Sec. 186, much less in our opinion, could the advice of one citizen to another regarding his rights be construed as an act falling under Sec. 186. The maximum punishment for the offence is three months' imprisonment or fine upto Rs. 500/- or both of them. The Magistrate seems to have come to the conclusion that "in such cases of open defiance of Law" a deterrent sentence was necessary. Such sentence was also pressed for by the Police prosecutor and the accused was sentenced to two months rigorous imprisonment and a fine of Rs. 25/- and in default rigorous imprisonment for 20 days for each of the two offences, sentences to run consecutively. In view of the evidence and in view of the authorities, we are constrained to state that the learned Magistrate seems to be wrong as to the conviction, and very severe as to the punishment.



## CHAPTER XV.

### THE USE OF CRIMINAL LAW.—(contd.)

56. In criminal case No. 7 of 1928 one Chimanlal Chhabildas Chinai stood charged under the same section 186. In this case the accused " began to persuade Khushal Natha in the presence of the Mamlatdar not to pay the arrears of assessment." It seems that the Mamlatdar handed to Khushal Natha a *Jahernama* in connection with the property attached and it is alleged that at the instance of the accused, the said Khushal Natha "threw off the *Jahernama*". The learned Magistrate proceeds in his judgment :—" From all these facts it clearly appears that had the accused not interfered with the discharge of functions of the Mamlatdar, there was every possibility of his collecting the arrears of Government dues from the defaulter Khushal Natha". In our opinion, this conduct of the accused at the highest amounts to mere persuasion as is admitted by the Magistrate himself in the passage quoted above and cannot constitute an offence under section 186. Persuasion or dissuasion is not an offence under Sec. 186 of the Penal Code (See Emperor vs. Ram Gulam Singh, 47 Allahabad, page 579). A deterrent sentence was asked for and the accused was sentenced to rigorous imprisonment for two months and a fine of Rs. 25/- and in default rigorous imprisonment for 20 days. It is very significant to note that Khushal Natha whose evidence would have been very material was not examined before the Magistrate, although he had been asked to remain present in the Court and he was actually present when the trial was going on.

57. In case No. 17, one Bhawan Hira was charged under the same section 186 and under section 353 for assault or criminal force to deter a public servant from the discharge of his duty. The alleged offence lay in attempting to shut the door while the Special Mahalkari was trying to enter the house of the accused and in the act of so shutting the door it was complained that the Special Mahalkari got caught between the frame and the door and was thus injured. The accused was sentenced to 6 and 2 months' rigorous imprisonment respectively on the two charges. If the facts alleged by the prosecution are held to be true, the conviction in our opinion may be considered proper. It is very difficult to decide whether the facts alleged are true or not especially in view of the fact that the accused altogether denied having been near the door at the time when it was attempted to be shut, and the wife of the accused had stated to the officers concerned as she stated to us, that it was she who had attempted to shut the door. Apart from this it is difficult to believe that the Mahalkari who was accompanied by the Talati, Pathans and Police was the first to "run towards the house, enter the door and get between the door and the frame" for it is a startling departure from the usual practice of this gentleman, viz., the Mahalkari, as deposed to before us by several witnesses, which was to let the police and the pathans enter a house first and to go to the house some time after these persons had securely taken possession of the house. The wife of the accused was not called or examined before the Magistrate.

58. In case No. 9 of 1928 one Sanmukhlal Gordhandas was charged under Sec. 189 of the I. P. C. for "threat of injury to a public servant". The alleged injury being the threat of social boycott against the talati and the revenue peons who were engaged in levying attachment on three bags of jowari at Valod. The accused being a *Satyagrahi* did not defend and on the Public Prosecutor asking for a deterrent sentence the accused was sentenced to rigorous imprisonment for six months. We have examined Keshavbhai Ganeshji, volunteer Valod camp, who was on the spot when the bags of jowari were being attached. He says that no such threat was held out by the accused and that the peon Kalia Haria who gave evidence at the trial was not present at the time when the offence complained of is alleged to have been committed. Chimanlal Chinai was also prosecuted and sentenced to six months' rigorous imprisonment for a similar offence.

59. In Criminal Case No. 10 of 1928, Shivanand Chaturbhuj of Valod and Amratlal Hargovandas were charged under section 183 of the I. P. C. for "Resistance to taking of property by lawful authority of a public servant" and under section 353 of the I.P.C. for assault or criminal force to deter a public servant from the discharge of his duty". The substance of the charges was that when certain constables were removing bags of jowari, which had been attached: (a) the Accused No. 2 told the complainant and others that this was the work of a low born "Bhangi" and that they should feel ashamed to do such work and (b) the accused No. 2 raised his hands and rushed upon the complainant saying that he would not allow them to take the bags of jowari and (c) that the Accused No. 1 'beat a push' on the hand of the complainant and stated that he would not allow the complainant to take away the bags of jowari. When the complainant told the Head Constable to call the other policeman the two accused ran away and the complainant and others could take the attached bags of jowari away. As usual, no defence evidence was led except the production of three photographs of the situation taken at the time the offence was alleged to have been committed. The photographs showed that the 2nd accused was not on the spot at all but the 1st accused with one Ambalal was present on the spot. Both the accused were held guilty of the offences for which they were charged and the learned Magistrate sentenced them to three months' rigorous imprisonment for the offence under section 183, I. P. C. and six months under section 353, I. P. C.—the sentences to run consecutively.

60. We have seen the photographs which were produced before the court. We have also seen Mr. Ambalal, the volunteer who is shown as standing by the side of accused No. 1. Accused No. 2 does not appear to be on the scene of offence. A material part of the statement of accused No. 1 runs as follows:—"In order to show how false cases are got up against *Satyagrahis* and how the Government servants swear falsely in support of such cases I produce three photographs which were taken at the time when the offence is alleged to have been committed and which respectively show the three bags being lifted into the motor car. Mr. Dave, japti officer is also seen in the photograph and the photographs also show at what distance I am standing.

(From the photographs it appears that Shivanand was at least 20 feet away from the car). My co-accused was not there at all. These photographs also show a gentleman who is seated midway between the volunteers and the police. The reason why I produce these photographs is not that I want to escape punishment but being pledged to non-violence and especially as I am charged with having assaulted the Police and as many such false cases are likely to come before the court I am advised to put in these photographs in order to put the true facts before the public and the court". Further a mere oral statement that he would not allow the complainant to take away the bags would not amount to an offence under section 183. Nor would mere abuse amount to obstruction (1 Weir 621, *Emp. vs. Sooraparan.*) The Magistrate however holds that the raising of the hand and "beating a push on the hand of the complainant" amounted to an assault. But even if this finding justified the conviction, the punishment appears to us to be beyond all reasonable proportion. The conviction of accused No. 2 without any serious attempt at identification is in our opinion wrong. We have examined Keshavbhai Ganeshji, a volunteer of the Valod Ashram who was present on the scene when the alleged offence is said to have been committed. He says no such incident took place and that accused No. 2 Amratlal Hargovandas was not even present.

61. In cases Nos. 19, 20 and 21 three boys who sat at some distance from the compound of the Government bungalow at Bardoli in which the Collector was camping, were taking down the names of persons going in and out of the bungalow. Even from the judgment it is clear that they did not in any way interfere with any person whatsoever. These boys were prosecuted under sec. 39 (1) (M) of the District Police Act. On the 28th April 1928 the District Magistrate of Surat issued an order under the said section to the effect "that no person shall loiter in any place so as to cause obstruction or annoyance to Government servants or others engaged in their lawful occupation". The section 39 (1) (M) runs as follows:—"39 (1) (M) Regulating the movement of persons, animals and vehicles at such times and such places at which, in the opinion of the Magistrate, special regulations may be necessary for the public safety and convenience". The object of this section is to secure the safety and convenience of the public and in our opinion the above order is outside the scope of the said section 39 (1) (M). The accused in this case were one after the other sitting under a tree across the road over 50 yards from the compound wall of a bungalow in Bardoli where the Collector had put up. We have seen the place and there is no possibility of a boy sitting under the tree being able to see or be seen by the officials inside the bungalow. As already stated all that the boys were doing was taking down the names of persons going to see the Collector. The learned Magistrate says in his judgment that "this accused (*i.e.* accused in case No. 21/1928) is found loitering near the Collector's Bungalow at Bardoli where the Collector is camping and was found to be obstructing persons going there on business". The nature of the obstruction is not mentioned in the judgment. The only persons examined we find were the Head Police Constable who was the com-

plainant and the revenue peon of the Collector. The public officer or any one else alleged to have been annoyed or obstructed did not step into the witness box. The boys were sentenced to pay a fine of Rs. 50/- each or in default simple imprisonment for two months under section 65 of the District Police Act.

62. The judgment in these cases proceeds on the same basis, except that the learned Magistrate adds that in case No. 21, the accused were found carrying information about the names taken down of the persons going there to see the Collector on their business and thereby some persons had turned back. We examined Dr. Ghia and Mr. Fakirbhai the father of one of the accused boys and they told us that the trials took place before the Special Magistrate at 7 p.m. Apparently the police were in such a great hurry to have the boys convicted that they could not wait till the next morning. It appears that on the third boy being sentenced a number of other boys became ready to go and do the same thing as these boys had done and court arrest. No proceedings were taken against boys who continued to do the work these three boys had been deputed to do. The boys preferred to serve their sentences rather than pay the fine. Attempts however were made to recover the fines from the fathers of two of the boys. In one case a calf was attached in spite of the protests of the father. In another case the attempt was given up on the strong protest of the father. In this connection we may also refer to the cases of other boys *viz.*, Puratan Buch and others who were roughly handled by the police for doing similar work at Madhi.

## CHAPTER XVI.

### THE USE OF CRIMINAL LAW.—(contd.)

63. In case No. 13 of 1928, nineteen persons were charged under Sections 147 and 341 and 353 and 149 of the I. P. C. *i.e.*, with rioting and wrongful restraint and with using criminal force to deter a public servant from the discharge of his duty and with being members of an unlawful assembly. The substance of the charges was that on the 19th of April 1928 the accused stopped three carts proceeding to Valod with the Deputy Collector's kit, at Vankaner and attempted to prevent the carts from proceeding further. It may be remembered that these are the same carts in connection with which Ravishankar Vyas was tried and sentenced. It appears that carts driven by revenue peons and escorted by police constables arrived at Vankaner Chora at 8 p.m. To use the learned Magistrate's words "as it was night time they stopped the carts on the road at a distance of 10 paces from the Chora and the three peons went inside to take a vethia (village servant) and a lantern". Accused No. 2 it appears was at the Chora at this time. The carts accompanied by the vethia with a lantern proceeded on their way and were stopped about 200 paces away by a crowd of about 150 persons by one of the persons in the crowd catching hold of the nose-strings of one of the bullocks. The vethia was dragged away into the crowd and the lantern was taken away. One of the constables, the complainant, asked the accused not to restrain the carts. In the meantime the Talati came on the scene and the "policemen had not got their guns with them but in order to disperse the crowd the complainant told the other constable to hold up his gun. On hearing about the guns, the accused and others dispersed and went away to a little distance and the vethia was taken away with the lantern. The peon and constable went to the police patel and told him the facts. The patel did not go with them to the scene of offence but gave another lantern to the peons and the carts proceeded".

64. Before we come to the identification parade, the facts to be noted are that at the time of the offence, which would be about 8-30 p.m, it was pitch dark with only a lantern to throw any light about the place. We have also ascertained that it was the last day of the lunar month (Amavasya); and that the police patel did not think it worthwhile to proceed on the scene where a large crowd of 150 persons were holding up the carts. The complaint was filed on the 25th of April and no attempt was made till the 5th of May to trace the accused. On the 6th May an identification parade was arranged and the nineteen accused were picked out. Miss Maniben the daughter of Mr. Vallabhbhai, having heard that there was going to be an identification parade, accompanied by Mr. Kalyanji of the Bardoli Ashram proceeded in a car to Vankaner to watch the proceedings. The authorities having failed to induce the village

people to come out for the parade requested Mr. Kalyanji to help them to gather the villagers for the parade and it was through the instrumentality of Mr. Kalyanji that the people were induced to come out. The chauffeur of Mr. Vallabhbai's car who had driven Miss Maniben's party to Vankaner, and who was nowhere near Vankaner on the night of the offence was asked by Miss Maniben to mingle with the persons who had been collected for identification. Miss Maniben and Kalyanji were shown a list of men the police wanted to collect. One of these names was of a person who had died 10 years ago and another an old blind man. From the statements of Maniben, Kalyanji and others who were present on the scene it is abundantly clear that the witnesses picked out from the persons collected for identification, persons clad in khaddar. Among the persons so identified were the chauffeur of Mr. Vallabhbai and one Daya Veni Bhavsar a resident of another village who had come to Vankaner for some purchases on the day of the parade. The chauffeur was accused No. 19. We cannot help remarking that the identification of no less than nineteen persons, as persons having been on the scene of the offence, taking into consideration the fact that there was little or it seems no light after the lantern was taken away as alleged, is a remarkable feat on the part of the witnesses—who it must be noted were not residents of Vankaner. We should be insulting our intelligence if we accept the identification as honest.

65. Five of the accused were discharged and the trial proceeded against the rest. Three were acquitted and eleven accused including the chauffeur were sentenced to six months' rigorous imprisonment for offences under sections 147 and 353 and 149 and simple imprisonment for one month under sections 341 and 149 of the Penal Code the sentences to run concurrently. Only some of the accused defended themselves. In his judgment the learned Magistrate states the ground for conviction of some of the accused to be the fact that they had called no evidence on their behalf. Wherever evidence is called he finds the evidence vague and unsatisfactory as being the evidence of relatives and friends. The latter evidence was of alibi. We do not know what evidence the accused residents of a small village can find to establish an alibi for an offence committed at 8-30 p.m. except of friends and relatives. Five of the persons convicted appealed and in the cases of four out of the five convictions were set aside on the ground of totally unreliable identification. The Magistrate, it may be noted in passing, had found the identification satisfactory and impartial.

66. One of the most glaring cases of attempted prosecution was of Lallubhai Bhulabhai and Makan Kalyan. These two persons were leading cultivators of Sarbhon and in such capacity addressed a post-card to the Deputy Nazir of the court, who had been appointed guardian of the property of a minor landholder, intimating to him that the cultivators of Sarbhon had unanimously resolved not to pay the enhanced assessment and requesting him not to pay the assessment on behalf of the minor. For writing this post card they were called upon to show cause why they should not be proceeded against. They appeared by pleader before the Sessions Judge who discharged the notice.

In his judgment he says as follows :—“The post card is fortunately written in Gujarati. I repeatedly went through the post card but found therein nothing from which a threat or even an approach at a threat can be spelt out. The writer simply sent intimation of a resolution passed by the villagers. . . . . Since there is nothing in the phraseology of the post card to show that threats were conveyed with the ulterior object of coercing a public aservant to abstain from doing what he was entitled and inclined to do etc. I discharge the rule”.

67. Another case of attempted prosecution is that of Gandabhai Khumchand. He was the nephew of one of Virchand Chenaji. Two horses belonging to the accused were attached on the supposition of their belonging to his uncle. The Mahalkari who attached these horses soon after seeing the accused passing on the road stopped his car. The accused told him that the horses belonged to him. The Mahalkari there and then administered an oath to the accused and took down his statement in writing. The accused after a few days was served with a notice to show cause why he should not be prosecuted for making a false statement on oath, this statement being the statement made by the accused on the road. The Mahalkari in an affidavit that he made in subsequent proceedings does not state that the inquiry on the road was under sec. 186 of the Land Revenue Code, for the section contemplates certain formalities regarding notice etc., which must be observed before such an enquiry could be made. On the contrary he says that such enquiry was made the next day and that the accused did not appear at such enquiry. We cannot understand under what law the Mahalkari administered the oath to the accused on the road, and also the subsequent proceedings for making that statement. The accused being unable to attend on the day when he was called upon to show cause asked for a postponement but the Mahalkari proceeded *ex parte* and made the order for his prosecution. Against this order the accused appealed to Mr. Almaula, the District Deputy Collector. Although the Mahalkari never claimed the enquiry on the road to be an enquiry under sec. 186 of the Land Revenue Code the District Deputy Collector whose zeal seems to have got the better of his discretion goes to the length of saying that it was such an enquiry. To say the least of it, it shows a deplorable lack of knowledge of ordinary procedure under sec. 186 on the part of a person intimately connected with the collection of revenue. The appeal was dismissed. The prosecution was ultimately dropped after the settlement of the Bardoli dispute.

63. We may give below a summary of the prosecutions and the sentences :-

No. of persons charged.	The actual act for which the accused was charged.	Sentence,	Remarks.
One	Advising cartmen that they were not compellable to lend their services.	Two months R. I. and Rs. 25/- fine or in default 20 days R. I. for each offence. Sentences to run consecutively.	No Appeal.
One	Persuading a land holder not to pay land revenue being Rs. 9/-.	Two months R. I. and Rs. 25/- fine or in default 20 days R. I.	"
One	Shutting the door against the Mahalkari. Threat of Social Boycott to Public Servants.	Six and two months respectively on the two charges. Six months R. I.	"
Two	Pushing pattawalla when he was taking bags of jowari.	Three and six months R. I. to each accused on each charge. Sentences to run consecutively.	"
One	Boy watching the Collectors' Bungalow.	Rs. 50/- fine or in default two months' S. I.	"
"	"	"	"
"	"	"	"
Nineteen	Stopping the carts by holding the nose strings of one of the bullocks.	Eleven accused six months' R. I., one month S. I. on each of the charges. Sentences to run concurrently.	Five accused were discharged. Five appealed and in cases of four conviction was set aside.
One	Making a false statement on oath.		Prosecution withdrawn on settlement.
One	Refusing to serve as a punch.		"
One	Removing a notice from the door of a khatedar.	One month R. I.	.. No appeal.



89. A careful study of the papers relating to these prosecutions and the evidence before us shows that Government adopted the use of Criminal Law as a part of the activities of the Revenue Department in connection with the collection of revenue and that their action in appointing Mr. Patel, a Subordinate Officer of the Revenue Department to do justice between Government on the one hand and the victims of the policy on the other was, in our opinion, as stated above, not proper. In all these attempted or successful prosecutions the primary motive for prosecution appears to be either (a) to prevent persons from carrying on a social propaganda against the payment of land revenue, or (b) to deter *satyagrahis* from working. In all cases, the persons against whom attempts were made were law-abiding and well behaved; and though they may be in some cases technically guilty of offences, the principal offence—if we might say so—was their participation in the no-tax campaign. Preaching, or practising, or participating in a movement for the non-payment of taxes by itself is not an offence under the Penal Law of the country apart from the special penalty attached to the fact of such non-payment. Prosecutions were all conducted in a hurry and the evidence led was far from satisfactory. The tribunal which could have easily been installed at Surat, was put up in the heated atmosphere at Bardoli itself. Trials were conducted in a hurry and very often the Magistrate seems to have overlooked obvious considerations of law and did not insist as he should have, in our opinion, on better proof. In all cases deterrent sentences were asked for and given. These sentences in our opinion looking to the technical nature of the offences were excessively severe. The prosecution of the 3 boys, who waited near the Collector's bungalow, and the man, who is alleged to have procured a social boycott, of the man who circulated the resolution of a public meeting, is an exhibition of the temper into which Government had worked themselves up in Bardoli. And the attempted recovery of fine imposed on the 2 boys from their parents cannot be considered any thing but vindictive on the part of those to whom Government entrusted the criminal administration in Bardoli during such a period. We have no doubt that the Criminal Law was used for an indirect purpose, *viz.*, to assist the Government's campaign against *satyagrahis* rather than merely to vindicate criminal justice. This use in our opinion was unjustifiable.

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## CHAPTER XVII,

### WERE THE METHODS HARSH AND VINDICTIVE ?

70. We now proceed to consider the last and the most important charge whether the methods adopted were harsh and vindictive. In this connection we may state at the outset our opinion that the legality of the methods adopted by Government does not necessarily imply its justifiability from other points of view. An act may be legal and yet harsh and vindictive. As this is the most serious charge, even at the risk of repeating ourselves we must restate our view of the existing policy and law of land revenue and the facts established. As we have stated before (see Introduction), the relation between Government and the agriculturists has been left vague in law in order to lend elasticity to the methods of levying and collecting the highest possible revenue. The methods of assessment adopted are further made to depend largely upon the personal experience, sense of responsibility, and humanity of the settlement officer only. The assessment levied also does not represent the surplus but the utmost that could be taken from the agriculturists. This policy which has brought the peasantry to an extreme state of poverty, apart from other considerations is, when a revision is made, by itself capable of inflicting severe hardship on the agriculturist, unless relieved by the manner in which the assessment is collected. Ordinarily one would expect that the land revenue either as a tax or a rent being a money claim its recovery may well be left to the ordinary civil remedies ; but the processes as defined by the Land Revenue Code though apparently of a civil nature are unreasonably oppressive and when enforced by the executive, as a judge in its own cause, are naturally attended with rigour. The right to define powers by rules and regulations has resulted in an unwholesome enlargement of the Collector's powers. These powers uncontrolled by any restraint or remedy independent of the executive being vested in the Collector of the District place the agriculturists absolutely at his mercy. We thus want to make it quite clear that in our opinion the processes, the manner of their working and the powers given to the executive are in ordinary circumstances unreasonable, excessive and to a considerable degree harsh.

71. Three out of these six processes *viz.*, (1) notice, (2) forfeiture and disposal and (3) distraint of moveables were put in operation in Bardoli simultaneously and to the full extent. The evidence led before us establishes several important facts. Over 6000 notices of forfeiture of land were issued when at the same time japti parties were moving from village to village to distraint whatever moveables came into their hands. Under the drastic powers of forfeiture, lands of large value were forfeited for comparatively small assessments and land of the value of over Rs. 3,00,000/- was disposed of for about Rs. 11, 000/-. In cases of distraint in many cases, articles were not exempted and dwelling houses were not respected in the manner required even by a law which is harsh enough. The unearthly hours of night and day when distraints were

levied, the indiscriminate nature of these distrains, the distraint and mal-treatment of cattle, the sales of moveables at gross under-value, the employment of pathans, the use of the criminal law, the severe sentences for technical offences were all contrived to work the processes with the highest possible severity. Under these circumstances we have no other alternative but to come to the conclusion that the harsh processes provided for by law were harshly worked.

72. The question is whether Government acted vindictively in adopting these measures. Proceeding as scrupulously as we can, it is difficult to consider the harshness with which the processes were brought into operation as normal or unintentional. This harshness resulting as it did from the simultaneous and rigorous operation of the processes is an element to be seriously considered ; for governments do not without some definite object go to the extreme limit of what they consider their power. We will now take some cases to see how these processes were brought to bear on individuals :—

- (1) **Dorabji and Nawajbai.** The assessment which Dorabji had to pay on his own land was Rs. 214/- and the assessment of Nawajbai's land was Rs. 102/- including notice fees. These lands are worth about Rs. 30,000/-. Dorabji and Nawajbai also owned a liquor shop at Valod. The liquor worth about Rs. 2,000/-, chairs and empty casks were attached and sold for about Rs. 236. Out of this amount Rs. 127/- were credited to Nawajbai in full payment of the revenue and penalty due from her and a receipt for the same was sent to her on the 14th May 1928. A receipt for about Rs. 108/- odd credited to the account of Dorabji was sent and for the small balance, the whole of his lands were forfeited. What is more strange is that although no arrears were left in respect of Nawajbai's khata, her land was also forfeited. Forfeiture notices were served on Nawajbai and Dorabji on 26th May 1928 and 4th June 1928 respectively.
- (2) **Ismail Gaba.** The total assessment payable by Ismail Gaba was Rs. 1,200/- and for recovering this amount his lands worth about Rs. 50,000/- (Fifty thousand) at Utara Vadhava were forfeited and sold. His other land at Tajpur worth about Rs. 25,000/- was forfeited and was advertised to be auctioned on 25th July. The noteworthy feature of this case is that although moveable property consisting of about 75 cattleheads worth about Rs. 5,000/- bricks worth about Rs. 750/-, bundles of hay worth about Rs. 7,000/- were available for distraint on this land, the Government officers concerned thought it necessary to leave it untouched. Evidently they wanted to teach Mr. Gaba and other Mahomedans of Bardoli a lesson by forfeiting and selling his extensive holding. He held a license for a rifle. It

was also thought necessary to cancel it. We think the treatment meted out to Mr. Gaba was not only vindictive but heartless and cruel.

- (3) The buffaloes of Virchand Khumaji were attached and he has not been informed for what amount they were sold. His land worth over Rs. 15,000/- has been forfeited and according to his information sold for Rs. 900/-. His assessment is only 450 Rs. He says no notice was served on him.
- (4) Veerchand Chenaji's land of the value of Rs. 15,000/- was forfeited and sold for the paltry sum of Rs. 180/-. His household utensils of the value of Rs. 50/- were attached and two horses of the value of Rs. 600/- belonging to his nephew were attached as his. The total assessment due by him on his above and other lands was Rs. 700/-.
- (5) Wakf lands, the income of which was being utilized for the support of a school of Mussalman children, were forfeited for the assessment of Rs. 118/-.

73. Now why were these measures adopted simultaneously as well as rigorously? Why were Government in a hurry to dispose of lands and make the transactions irrevocable? The inference is obvious that Government had done these things deliberately with some purpose. Is it possible to believe that this purpose was merely the recovery of land revenue? Or was it to impress upon the taluka the length to which Government measures can go, and to indicate by irrevocable action that Government was in dead earnest in its attempt to crush the movement?

Apart from the processes for the recovery, there were other activities as also inactivities of Government which may enable us to gather the motive for these steps. The first and most obvious of these was the employment of such a class of persons as Pathans to help the japti parties. Why of all persons were Pathans employed in a taluka where very harmless and disarmed Hindus and Mahomedans reside? It is difficult to believe that the resources of Government were so limited that they could not get any but Pathans to work their processes. Was the real object then to invest the official activities with awe?

Again, from the beginning, newspapers and public men were loud in their protests against the illegalities and irregularities alleged to attend the measures taken. During the months of April and May the Satyagraha Ashram bulletins, day after day, recorded the alleged illegalities and irregularities in detail. Member after member of the Legislative Council protested in unmistakable terms. And yet it was in or about the middle of June that for the first time the Commissioner who was all the time camped a few miles away at Surat came down to Bardoli. Why was nothing done by Government during these months to put a stop to such alleged illegal or irregular activities? Was this inactivity due to an unshaken faith in the inherent incapacity

of the official machinery to go wrong or in the inveterate mendacity of all reports or was it partially due to a desire to give a free hand to official activities ?

Further even if the people were so foolish as to inflict an incarceration on themselves, which ruined the health of themselves and their cattle as it did in this case, why did Government continue to pursue the activities which would protract this suffering ?

Take also the appeal to criminal law. Prosecutions were filed for offences which were technical ; a subordinate officer of the Revenue Department was posted in order to try the persons accused. Severe and deterrent sentences were invited for offences which if at all can be technically so called. Why was the criminal law thus resorted to ?

There were other activities also. We may disregard for the moment the cases of Ghela Perag and Naranji Dullabh referred to in para 45. But a motor license was taken away. In one case a notice was given to a school master who had retired after 37 years service that unless he paid the assessment his pension would be stopped. In another case pathans were posted at the house of another pensioner aged 80 from early in the morning till 11-30 at night and the next day from night till 8-30 in the morning. The excise department does not appear to be particularly anxious of its privileges when Dorabji and Nawajbai's rights are trifled with by the Revenue Department. Why were other departments so willing to oblige the Revenue Department ?

74. The answer to these questions can only be one. Government took all these steps in order to bring the highest possible pressure, short of military occupation, to induce the taluka of Bardoli to give up the *satyagraha* movement. It is inconceivable that all these steps were merely directed to recovering revenue. What the other object was can best be given in the words used by Government officials themselves on different occasions and set out in the report at appropriate places. Government thought that Gujarat wanted to shift the incidence of assessment to other parts of the Presidency ; that non-co-operators were terrorising the agriculturists into not paying the taxes ; that a swarm of agitators from Kaira who were living on Bardoli people were misguiding them ; that Government activities were not directed against the agriculturists but as a just assertion of its rights, of carrying out and upholding its authority and to fight the rights of private individuals to usurp the function of Government and that the King's writ had ceased to run. These statements made by responsible officers leave no doubt that the intention of Government was to fight the *satyagraha* leaders in order to maintain prestige.

75. It was or ought to have been well-known to Government from the beginning that time after time attempts were made by Members of the Legislative Council to seek redress of what the people considered an administrative grievance ;

that Mr. Vallabhbhai Patel reiterated till the last that he was fighting an economic issue; that a number of Indian leaders were prevented from going to Bardoli by Mahatma Gandhi lest the struggle might be given a political colour; that a man of such a scrupulous frankness and honesty like Mahatma Gandhi himself week after week made it clear through his organ that the *satyagrahis* were fighting only a local, economic battle. In view of the declaration of the intentions of the leaders of the movement we find no justification for attributing a different motive to them. In spite of this, when we find responsible Government officials making declarations of the character mentioned above we are constrained to come to the conclusion that Government never did justice to Bardoli for its oft-declared and honest intention of fighting an economic issue and used all its tremendous powers for the purpose of crushing the *satyagraha* movement regardless of all consequences and all sufferings. It may be argued that *satyagraha* is an unconstitutional weapon, and that once it is adopted in any part of the country Government are justified in employing any method, however unlimited it may be as to its rigour or to its coerciveness. But here we are not concerned with the controversy as to whether the adoption of such a movement as a protest against an administrative grievance is constitutional or not, and if not whether Government were justified in the measures they took. If it is established, as we think it is in this case, that Government adopted measures which were principally directed to the form of the movement as apart from the object thereof; which were drastic and oppressive far beyond the immediate needs of revenue collection; which did not regard the technicalities of law with scrupulous respect; which more often than not disregarded the considerations of general well-being towards the classes affected thereby; and which were directed to punishing those whom Government wrongly considered as having usurped their authority, we cannot but come to the conclusion that the measures adopted by Government were punitive,—they had for their object retribution and not mere revenue collection, and as such were vindictive.

## CHAPTER XVIII.

## THE CONDITION OF THE PEOPLE.

76. The simultaneous adoption of these harsh measures terrorised the people in the first stages of the struggle. The coercive measures therefore instead of breaking the movement had, in our opinion, a contrary and unexpected result. Everyone who was reduced to beggary or helplessness by the forfeiture of his land became a stalwart in the movement. Rigorous steps against leading men like Dorabji, Ismail, Virchand and others alienated all sympathy and persons who ordinarily would not have stood out long were driven to stand by each other in the well-justified hope that united action alone will bring about a reversal of the policy. The consolidation of the taluka led to the adoption by the people of concerted action to counteract the activities of Government. The organisation of the people was excellent and the act of about 40,000 men in locking themselves up with cattle to prevent distraint of buffaloes was as heroic as it was effective. While it strengthened the unity among the people of the taluka, it demoralised officials and rendered official activities futile. Every strenuous effort made by the Government to enforce the policy of vindictive action produced an equally strong re-action. The employment of Pathans and police, the indiscriminate attempts of japti parties, the mal-treatment of animals, the distraint of buffaloes and sale thereof at absurd prices, the rigour with which official activities were enforced roused the indignation of the talatis and patels and led to their giving up their offices. Attempts on the part of officials to persuade or threaten any of the villagers or village officers into carrying out the policy of Government resulted in the adoption by the people of social boycott against the waverers. In our opinion, therefore, it was the excessively rigorous and indiscriminate policy adopted by Government which was principally responsible for the solidarity of the people, the spirit of stubborn resistance and the effective use of social boycott found in Bardoli. The wholesome cannon that coercion will only be borne if and so far as it is not felt to be coercion seems to have been completely lost sight of by Government in this matter.

77. Between February and July 1928, on account of the official activities all normal work in the taluka was suspended. Every man and woman stopped his or her ordinary work. The economic loss thus inflicted by the struggle also was in our opinion, very heavy.

78. As we have already stated, the cattle suffered the most by reason of their being locked up during the day and the best part of the night within the four walls of small and unventilated houses. An enquiry into the condition to which the cattle were reduced on account of this lock up and conducted after the "japti" activities were called off shows the following figures:—

*The Statistics available from 76 villages of the Taluka.*

Total number of buffaloes	..	..	..	..	16,611
Buffaloes suffering illness	..	..	..	..	3,801
Total number of bullocks	..	..	..	..	13,091
Bullocks suffering illness	..	..	..	..	424
Inflammation and Excoriation of skin	..	..	..	..	960
Pressure sores	..	..	..	..	92
Ulcerated and worm-eaten..	..	..	..	..	2,155
Miscellaneous illness	..	..	..	..	1,018
Total number of deaths	..	..	..	..	93

Every eye-witness who went round to the villages testified to the miserable and diseased condition to which the cattle were reduced. Mr. Munshi who saw the conditions on 15th June 1923 described them as "miserable, ulcerated and grown whitish by disease."

The reporter of the Times of India on the 19th of July 1928 gave the following description of the buffaloes :—

"With festering sores all over their bodies, hundreds of buffaloes have changed colour into reddish-white, because of the imprisonment they have undergone in dungeons. Some of them are not even able to stand on their legs. I call it downright cruelty for the like of which it is impossible to find a parallel in history ancient or modern."

One of us Dr. Gilder's impressions may best be given in his own words :

"I visited several villages; some of them twice at the interval of a fortnight. At the time of the first visit though the Pathans had been withdrawn, the people were still behind closed doors and windows, whilst at the time of the second visit the doors and windows were open, the cattle and the people were moving about freely. Considering that the people had locked themselves up with their cattle behind closed doors for the whole day and for the greater part of the night, the sanitary condition of the villages was not as bad as one would have expected to find. Most of the houses when opened gave out a musty smell, but an odour of excreta was remarkable by its absence. The houses were kept scrupulously clean.

"As regards the animals, a great many of them were emaciated, their skin had lost its normal colour and had been bleached to a pinky white either in patches or all over. Hair had been shed over greater part of



“the body and ulcers had appeared almost in every animal that was inspected. A good many animals had their ulcers infected with maggots. Several buffaloes were seen so weakened that they could hardly stand on their legs. It seemed that the animals would require good feeding and plenty of fresh air before their milk could come up to any where near its usual strength.”

79. We now come to the physical condition of the people themselves. The reporter of the Times of India was not likely to exaggerate the conditions which he set out in his special article as follows:—

“It is a wonder that the filth and the excreta of human beings and cattle collected inside many houses in the Bardoli villages during the period that japti work was in progress, did not lead to an epidemic. But the health of the human population as well as of the dumb cattle has suffered terribly. Cases of dysentery and debility I came across in plenty”.

Dr. Gilder's report says:—

“As for human beings the conditions were such that a severe epidemic would have broken out if any air-borne or water-borne disease had by chance got any footing. There were just a few cases of dysentery, most probably bacillary which seemed to have spread from one house to its neighbouring ones of the inspected villages. In several villages there was an epidemic of conjunctivitis especially affecting children. A good many women and some men had ulcers on various parts of their bodies but more particularly on the arms and legs. One case of convalescent pneumonia was seen and a couple of cases of pulmonary tuberculosis which had most probably started before “Japti”. Anæmia and general debility were a very marked feature of the whole population, more particularly amongst women. But the greatest effect of “Japti” was found in the shape of anxiety neurosis and affected chiefly women and elderly men. Cases were seen of all intensity, mildest being those of women who merely complained of fright and loss of sleep. There were several cases which showed signs of commencing thyrotoxicosis (exophthalmic-goitre). Hysterical manifestations were evident in a great many cases and one woman was seen in a condition of hysterical delirium, shouting at the top of her voice: “They are coming. Stop the Pathans. They are taking me away and beating me”. Several of the old men complained of similar conditions and several cases of high blood-pressure were found who dated the onset of their symptoms (giddiness, noises in ears, head-ache, flies before eyes etc.) from the moment of their incarceration. It is a pity that the activities of the Medical and Sanitary Departments of the Government were conspicuous by their absence.”

80. In any other civilized country it would have been considered a part of the duty of Government even in the carrying out of a strong and severe policy to take steps to see that injury is not caused to the physical well-being of the subjects against whom Government is acting. Even during military regime, as for instance in Punjab after the Jallianwalla Bag affair, officials were expected to take steps for the immediate relief of the wounded and the maimed. In this particular case however no inquiry was made into the condition of the human beings and cattle, and indiscriminate japti activities which were the cause of self-imposed incarceration were allowed to continue till rains and futility put an end to them. The Government's medical and sanitary departments did not bestir themselves at all. It has been suggested that the incarceration being self-inflicted exonerated Government from any responsibility. With this point of view we entirely disagree. In our opinion no Government is entitled in the course of its administration to carry on a policy which induces a large section of people to impose suffering upon themselves even as a means of protest. In such a case the measure of self-imposed suffering can only be treated by any impartial judge as the real measure of the unwisdom of the policy pursued by a Government. Under any parliamentary or responsible Government, except one in name like ours, if a policy like this was pursued against a section of the people, such thoughtless persistence or such absurd action would have spelt its immediate downfall.

## CHAPTER XIX.

## THE SETTLEMENT.

81. To complete the record we will now conclude with the narration of events as they happened after the 1st of July 1928. On the 1st of July 1928, Mr. Aiyar, a special reporter of the "Times of India" visited Bardoli and in the next week, the "Times of India" came out with a series of articles dealing with the conditions in Bardoli—which so far as the facts were concerned was on the same lines as the facts supplied by the Satyagraha Ashram and the letter of Mr. Munshi, and so far as fiction was concerned, attributed to Mr. Vallabhbhai a motive to set up Sovietism and to Bardoli a desire to revolt against Government. It is difficult at this stage to measure the extent of the mischief created by this silly propaganda in India and in England.

82. District Conferences held at Naliad, Broach and Ahmedabad identified themselves with the Bardoli movement. On the 8th July 1928 the Coalition Nationalist Party of the Bombay Legislative Council met in Bombay when it was resolved to call upon the party's Ministers the Hon'ble Dewan Bahadur Harilal Desai and the Hon'ble Mr. G. B. Pradhan to resign their ministerships by the 20th July if Government did not grant a re-inquiry to Bardoli, by that date. The party also ratified the action of their General Secretary Mr. Munshi in constituting a committee of inquiry into the illegal, irregular, harsh and vindictive methods alleged to have been adopted by Government to recover the revised assessment and approved of the Terms of Reference of this Committee of Inquiry.

83. The Hon'ble Mr. Rieu, the Revenue Member who had in the meanwhile returned from leave, proceeded to Ahmedabad to make personal investigations. On his return from Ahmedabad, an emergency meeting of the Cabinet of the Bombay Government was held on Thursday, the 12th July 1928 at Poona. On Friday morning His Excellency the Governor started for Simla to consult H. E. the Viceroy. On the 18th July, H. E. the Governor came down to Surat, when at the invitation of Government a deputation consisting of Mr. Vallabhbhai Patel, Mr. Abbas Tyabji, Mr. Kalyanji Mehta, Mrs. Sharda Mehta, Mrs. Bhaktilaxmi Desai and Miss Mithuben Petit, satyagraha workers in Bardoli waited upon His Excellency. Thereafter considerable discussion took place between His Excellency and Mr. Vallabhbhai Patel at which Rao Bahadur Naik assisted. Nothing however came out of these pourparlers. The differences between the two parties are summarised in the Appendix.

84. The Coalition Nationalist Party of the Bombay Legislative Council met in Poona on the 22nd July 1928 at Mr. Munshi's residence, when inter-alia it was resolved to withdraw the support of the Party from the reserved and transferred sides of the Government unless Government gave certain terms to Bardoli. On the 23rd

July 1928 H. E. the Governor in his opening address to the Legislative Council gave his ultimatum to the members representing the Surat District (See Appendix).

After His Excellency's Speech in the Council Mr. Ramchandra Bhatt, a native of Mota near Bardoli residing and carrying on business in Bombay, made an offer to Government to deposit the difference between the old and the new assessment. He appears to have received a letter from the Government that his offer should come through the Surat members. Some time after the settlement Mr. Bhatt, in the company of the Hon'ble D. B. Harilal deposited the difference with Government.

85. On the 25th July 1928 a manifesto prepared by the Coalition Nationalist Party and signed by about 50 members of the Council including some Non-Brahmin and Mahomedan members was published (See Appendix). Mr. Vallabhbhai Patel also issued a reply to His Excellency's ultimatum (See Appendix).

The same evening Mr. Munshi in consultation with Sir Chunilal Mehta, Mr. Lalji Naranji and Rao Bahadur Naik started to see Mr. Vallabhbhai in order to get his minimum terms. At the latter's instance he saw Mahatma Gandhi who gave his minimum terms (See Appendix).

86. -With these terms Mr. Munshi interviewed His Excellency on the 28th July 1928. As there appeared to be a dead-lock certain members from Gujarat wrote a letter to Dewan Bahadur Harilal Desai who gave a letter, setting out certain terms on which, according to him, Government were prepared to settle. On 30th July 1928 Mr. Haribhai Amin went with these terms to Mr. Vallabhbhai and Mahatma Gandhi who disapproved of them. On the same day Mr. Nariman in consultation with Mr. Lalji Naranji, Rao Bahadur Naik and Mr. Husseinbhoj Lalji also left for Bardoli to induce Mr. Vallabhbhai to come down to Poona. On the 1st August 1928 Mr. Nariman and Mr. Amin with Swami Anand, the personal assistant to Mr. Vallabhbhai Patel, came back to Poona. The next day with the consent of Sir Chunilal Mehta, Rao Saheb Dadubhai and other Gujarat members wired to Mr. Vallabhbhai to come to Poona. On the 3rd August 1928 Mr. Vallabhbhai and Mr. Mahadev Desai came to Poona and put up with Sir Chunilal. On the same and the next day as a result of discussions between Mr. Vallabhbhai and Sir Chunilal most of the terms of settlement were arrived at. On the 4th August Mr. Vallabhbhai left Poona for Bardoli. On the same day Mr. Munshi, Mr. Nariman, Rao Bahadur Naik and the Thakore Saheb of Kerwada were also deputed by both sides to go to Surat and arrange about getting the lands sold transferred to their original holders. Mr. Garrett the Collector of Surat with the District Superintendent of Police rendered every assistance, with the result that the lands were transferred to the name of Rao Bahadur Naik for the benefit of the original holders. Thereafter Mr. Munshi, Mr. Nariman, Rao Bahadur Naik and the Thakore Saheb of Kerwada returned to Poona on the 4th August when the compromise was effected (See Appendix).

## CHAPTER XX.

## SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS.

## (CHAPTER VII.)

1. In some cases notices of forfeitures were not prepared and affixed according to law; in some cases, notices were affixed at wrong places; some notices were affixed long after the expiry of the period mentioned therein. The number of cases of irregular notices actually put before us is fairly large and drawn from different places in the Taluk and indicate that irregularity was not restricted to any small area of the Taluka.

## (CHAPTER VIII.)

2. Over 6,000 notices were issued against khatedars covering the bulk of the lands in Bardoli. These lands were quite disproportionate in value to the assessment recoverable in respect thereof, as the general value of lands in Bardoli according to Government reports is about 50 to 100 times the assessment recoverable therefrom. Such forfeiture is indefensible from either moral or administrative point of view.

## (CHAPTER VIII.)

3. Lands of the value of over Rs. 3,00,000/- were disposed of for Rs. 11,000 under the drastic powers vested in the Executive for disposal of land. Such disposal of lands for assessment highly disproportionate in value was totally unjustifiable though technically correct.

## (CHAPTER IX.)

4. In many cases proceedings for the distraints and sales of moveable properties were illegal or irregular.

## (CHAPTER IX.)

5. Numerous cases of breaking open the doors of dwelling houses, spread over different villages, show that the forcing open of doors was by no means the isolated action of a wayward officer but was resorted to as a matter of concerted policy. Doors of houses were broken open without any inquiry as to whether the door attempted to be broken or broken open was that of a khatedar.

## (CHAPTER X.)

6. There are numerous cases in which distraints were levied before sunrise and after sunset. These were a source of great harassment to the villages.

## (CHAPTER X.)

7. Articles such as cooking vessels, beds, etc., seeds, carts, and bullocks which are exempted from attachments were notwithstanding such exemption seized.

## (CHAPTER X.)

8. In numerous cases Japti officers while levying attachments made no inquiry whether they were attaching the property of a defaulter khatedar or of any other person. In many cases as a matter of fact they seized the property of persons who were not liable to pay any land revenue whatever and the onus of showing that the property did not belong to a khatedar was invariably thrown on the non-khatedars whose property was wrongfully seized. In some cases even while selling the property so seized no attempt was made to find out as to whose property was being sold.

## (CHAPTER XII.)

9. In numerous cases articles distrained were sold at gross undervalue and Policemen and Revenue peons were allowed to make bids and to purchase these articles at the auction sales.

## (CHAPTER XIII.)

10. The animals distrained were very severely beaten in most cases. While at the thana they were not properly looked after in the sense that they were not properly fed or watered.

## (CHAPTER XIII.)

11. The employment of Pathans for "Japti" among a peaceful people was unnecessary and unjustifiable. There is evidence to the effect that Pathans employed were guilty of indecent and improper behaviour and in at least one case, of molestation of a woman. In some cases the Pathans also committed small thefts. They were also guilty of ill-treatment of animals.

## (CHAPTERS XIV TO XVI.)

12. Government invoked the assistance of Criminal Law to punish the Satyagraha workers and to break the people's movement. In several cases the use of Criminal Law was unjustifiable and vindictive.

13. Government did not act fairly in appointing a subordinate Revenue official as a magistrate to try and dispose of prosecutions which were launched and in installing a Court in the heated atmosphere of Bardoli.

14. Government as prosecutors did not lead proper evidence and the process of identification was untrustworthy. The evidence on which these convictions were secured was one sided and untrustworthy. Most convictions were at best for offences which were merely technical. In many cases the persons present on the spot were not called.

15. The Magistrate was wrong in not insisting on better evidence and in some cases has taken an incorrect view of law. In cases even of nominal offences Government asked for deterrent sentences. The Magistrate in most cases agreed with this view and imposed sentences which were out of proportion to the gravity of the offence.

## (CHAPTER XVII.)

16. The simultaneous and rigorous employment of the processes allowed by the Land Revenue Code and other incidental activities like wholesale forfeiture, sales at gross under-value, disregard of procedure in cases of forfeiture, distrains and sales, the employment of Pathans, harsh treatment of cattle and their sales to butchers, posting of Pathans and Police in front of the houses of khatodars for hours together, levying distrains, use of Criminal Law and such other measures prove that the processes were worked harshly.

17. These measures were adopted harshly by Government in order to bring the highest possible pressure short of military occupation principally to induce the Taluka of Bardoli to give up the Satyagraha movement. Government officials unjustifiably refused to believe that Mr. Vallabhbhai Patel and the Satyagrahis were fighting only a local economic issue. Thus Government adopted measure which were principally directed to the form of the movement as apart from the object thereof; which were drastic and oppressive far beyond the immediate needs of revenue collection; which did not regard the technicalities of law with scrupulous respect; which more often than not disregarded the consideration of general well-being towards the classes affected thereby; and which were directed to punishing those whom Government wrongly considered as having usurped their authority and to overawing those who had accepted the lead of the so-called usurpers. Thus we cannot but come to the conclusion that the measures adopted by Government were punitive and had for their object retribution and not mere revenue collection and as such were vindictive.

## (CHAPTER XVIII.)

18. The rigorous employment of coercive measures consolidated the Bardoli Taluka leading to the adoption of concerted action to counteract the activities of Government. The official activities led to the resignation of Talatis and Patels and attempts to persuade or threaten the villagers or village-officers resulted in the adoption by the people of social boycott against waverers. As a result of official activities all normal work in the Taluka was suspended.

19. As a result of the official activities cattle suffered very seriously in health, as will be seen from the following table:—

## Statistics available from 76 Villages of the Talukas.

Total number of buffaloes .. .. .	16,611
Buffaloes suffering illness .. .. .	3,801
Total number of bullocks .. .. .	13,091
Bullocks suffering illness .. .. .	424
Inflammation and Excoriation of skin .. .. .	960
Pressure sores .. .. .	92
Ulcerated and worm-eaten .. .. .	2,155
Miscellaneous illness .. .. .	1,018
Total number of deaths .. .. .	93

20. People also suffered in health. Government Departments failed to take proper precaution to see that no injury was done to the health of the people as a result of their policy. The fact that the incarceration of the people was self-inflicted does not exonerate Government from their responsibility for the well-being of the people.

#### RECOMMENDATIONS.

21. In our opinion, we would not be doing justice to our labours if we did not set out in short the measures which in our opinion should be taken to prevent the recurrence of such an unfortunate situation as was found in Bardoli. The measures which we suggest are the following :—

- (1) The Land Revenue Policy should be revised and in particular the following changes should be made :—
  - (a) The relation between Government and agriculturists should be properly defined ;
  - (b) The principle of assessment should be brought in a line with the civilised notions of land-tax prevailing in the West and an appeal to civil courts must be given where the assessment is found to be unsatisfactory ;
  - (c) The methods of recovery should be better defined in the Code itself and should approximate to the remedies for recovery of money claims as given by the civil law, may be without the intervention of the civil law.
  - (d) The power of disposal of forfeited lands at present given to the Collector and the Executive should be taken away.
  - (e) The law should be so amended that the processes of recovery could not be put into operation before the expiry of the period of notice, and concurrently ;
  - (f) The order for distraints should be given in a form prescribed by the rules ;
  - (g) The Collector must not have the power conclusively to decide what the articles exempted from distraint are and the distraint should not be effected before sun-rise or after sun-set and in no case by forcing open the doors in any manner ;
  - (h) The large powers now left with the Executive of making rules and passing resolutions should be taken away, and the salutary provisions which safeguard the rights and liberties of the khatedars must be incorporated in the Code.



(2) In any campaign for the recovery of revenue the departments like Police, Justice and Excise should not indirectly be made use of and considerations of the general well-being of the people should not be lost sight of by Government in a zeal for recovery of revenue.

Bombay.  
23rd September 1928.

K. M. MUNSHI.  
HOOSEINBHOY A. LALLJEE.  
H. B. SHIVDASANI.  
BHIMBHAI R. NAIK.  
M. D. D. GILDER.  
N. B. CHANDRACHUD.  
B. G. KHER.

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# APPENDICES

## APPENDIX I.

Mr. Vallabhbhai Patel's correspondence with H. E. the Governor,

(1)

To  
His EXCELLENCY THE GOVERNOR.

AHMEDABAD, FEB. 6.

DEAR SIR,

I beg to approach Your Excellency in a matter which affects the welfare of nearly a hundred thousand inhabitants of Gujarat. I do so with the greatest reluctance and with a vivid consciousness of my responsibility, and am taking the liberty of directly approaching Your Excellency, as it is a matter of the utmost urgency and fraught with most serious consequences both for the people, and possibly for the Government.

The people of the Bardoli Taluka in the Surat District have been greatly agitated and felt sorely aggrieved over the revision settlement in the Taluka increasing the total assessment by nearly 22 per cent and coming into operation from the current revenue year, in accordance with the Government resolution No. 7259/24 of the Revenue Department dated the 19th July 1927. Having exhausted all the ordinary means at their disposal to secure redress, they met in a conference at Bardoli to consider the question of resisting the revised settlement which they consider to be arbitrary, unjust and oppressive, and they invited me to preside over their deliberations. I had also a number of representations from various villages of the Taluka during the last fortnight on this subject. I met the representatives of over 75 villages in an informal meeting before the Conference began its deliberations. There was not one representative of even a single village who did not feel aggrieved over the injustice of the settlement and with the exception of representatives from five villages who indicated a preference to refuse to pay only the increase in the assessment, those of over 70 villages expressed with one voice their determination to refuse to pay the whole of the revised assessment, till redress was granted. On seeing the determination of the majority, the minority also came round. I explained to them the seriousness of the consequences their decision would involve, I expatiated on the obvious hardships of a struggle which was bound to be protracted and might cost them their holdings. But they appeared to be firm in their resolve. With my anxiety, however, to avoid, if possible a serious conflict with the Government, especially at the present juncture, I pleaded with them to weigh well their decision and to permit me to approach Your Excellency before they took a final decision. They listened to my advice, agreed to wait for a week longer and to think the thing over and decided to meet again on the 12th instant. Nothing would have pleased me more than asking the people to take a longer period to mature their deliberations, but it was impossible as the fortnight's period of grace for the collection of assessment expires on the 20th instant.

The unfortunate province of Gujarat has suffered grievously by the Land Revenue Policy of the Government, the consequences of which are now writ large on some of the Talukas of the Ahmedabad and Kaira Districts. The Surat District would not have fared better, but for the unexpected coming of the World War resulting in a few years of abnormal increase in the prices of cotton which happened to be the main crop of some of its Talukas, including Bardoli, during the period. The once rich Taluka of Matar, in the Kaira District is now ruined beyond recovery, Mehmabad and other Talukas in the same District are moving fast in the same direction, Dholka and Dhanduka in the Ahmedabad District, and it can be easily proved that this result has been brought about by the revenue policy of the Government. In these circumstances, I read with painful astonishment the concluding sentence in the G. R. No. 7259/24, R. D. dated the 19th July 1927 :

“ On the contrary he (Your Excellency in Council) has little doubt that despite the increase of assessment now to be levied, the history of the Taluka in the course of the next settlement period will be one of continually increasing prosperity ”.

Need I add that similar predictions about other parts of Gujarat have invariably proved false ?

It makes one sad to read para 11 of the Government resolution just referred to, summarily rejecting all the main grounds of objections urged on behalf of the people in various petitions and representations submitted to the Government. The way in which these objections have been brushed aside discloses a determination on the part of the Government to insist upon the increase, notwithstanding objections however serious and consequences however great.

In a matter of such serious importance as settlement of revenue, I submit it was the obvious duty of Government to take the people affected into their confidence, and to instruct the officials concerned to make no recommendations without having held exhaustive consultations with the representatives of the villages and giving due weight to them. But the officials seem to have done nothing of the kind, having relied mainly “on the statistics of leases and rental values ” a principle by the by, adopted by Government for the first time in the history of land revenue in this Presidency. Apart from the settlement officials’ failure to hear and give weight to the people’s case, this principle is in itself open to grave objections and calculated seriously to prejudice the interests of the holders in general.

Even if this principle be accepted as fair, the Government may not without overwhelming cause, ignore their own declarations as for instance those made by the Revenue Member in the course of a Council Session in March 1927. Contrary to these declarations, the whole revision has been based on inflated prices of land and crops and consequent increase in the rental value only during the abnormal years.

The whole revision is besides, vitiated by certain other factors to which I shall briefly invite Your Excellency's attention. The settlement officer first made his report based on the usual system of revision in which rental valuation was a minor factor and hence the people attached no importance to it while submitting their objections. After this the Government introduced an entirely extraneous factor in the matter by approving the recommendations of the Settlement Commissioner who not only adopted an entirely new principle of revision, but even abandoned the grouping laid down by the Settlement Officer and made his own grouping on an entirely different principle. This has resulted in placing a number of villages in a higher group, which combined with other factors has been responsible for an increase of about 50 to 60 per cent. in respect of these villages. Of this no notice was given to the people before final orders were passed. The Government accepted the regrouping adopted by the Settlement Commissioner and passed final orders on the 19th July 1927. The final revision must be announced before the 1st of August, if it is to come into operation during the current year.

What is a more serious irregularity is that 31 villages were served with notices in the last week of July to submit their objections, within two months, to what in reality was a final order increasing the assessment, viz., G. R. No. 7259/24 of the 19th July 1927. The notices make the final orders wear a tentative character, and make it incumbent on Government to dispose of the objections before making the final orders, which for want of a six month's notice, could not come into operation until the next revenue year. But I shall not dilate any more on the palpable injustice that has been done to the Taluka. The least I submit, that could be done by way of reparation is for the Government to suspend the operations of revenue collections, according to the revision settlement, and to order an examination of the whole case afresh after giving due opportunity to the people to represent their own case and ensuring full weight being given thereto.

I submit, in all humility, that it is still open to Your Excellency's Government to avoid what is bound to be a struggle of an acute type, and would respectfully urge you to afford a fair opportunity to the people to place their case before an impartial tribunal clothed with adequate authority.

Should Your Excellency think it necessary that we should meet in this matter, I would gladly wait on you.

Sd. VALLABHBHAI J. PATEL.

(2)

To

Government House,  
Bombay, 8th February 1928.

VALLABHBHAI J. PATEL, ESQUIRE.

DEAR MR. PATEL,

I am to inform you that your letter of the 6th February, on the subject of the revision settlement in the Bardoli Taluka, has been submitted to His Excellency, and has been transferred to the Revenue Department for official consideration and disposal.

Yours Sincerely,  
Sd. J. KER.

(3)

No. 7259-B/24-3186,  
Revenue Department,  
Bombay Castle, 16th February, 1928.

From

J. W. SMYTH, ESQUIRE, I.C.S.,  
Secretary to the Government of Bombay,  
Revenue Department.

To

VALLABHBHAI J. PATEL, ESQUIRE,  
Subject: "Revision Settlement of Bardoli Taluka."

Sir,

I am directed by the Governor in Council to reply to your letter dated 6th February 1928, addressed to His Excellency the Governor on the subject of the revised settlement of Bardoli Taluka in Surat District.

2. At the outset you express your anxiety to avoid, if possible, a serious conflict with Government, and you state that you advised the people of the taluka at an informal meeting which, it is understood, was held on the 4th instant, to defer coming to a conclusion until you had approached His Excellency the Governor, and that acting upon your advise they agreed to wait for one week. If the report contained in the issue of the "Times of India" of the 13th instant is correct, you addressed a Conference at Bardoli on the 12th instant, and stated that you had received a reply that your communication had been sent to the Revenue Department for disposal. The newspaper report continues: "Mr. Patel treated this reply as a refusal on the part of Government to reconsider their decision regarding the revised assessment, and called on the peasantry of Bardoli to start a no-tax campaign." I am to point out the fact that your communication to His Excellency the Governor was passed on to the Department of Government concerned for disposal was in accordance with constitutional practice, and that the conclusion which, it is stated, you reached therefrom was not therefore justified. This being so, the Governor-in-Council finds it difficult to make

your statement, as quoted above, coincide with your remark that you have been exercising a restraining influence upon your supporters. If the newspaper account is correct, your attitude would appear to be different from that of certain members of the Legislative Council representing Gujarat constituencies who warned the cultivators of the consequences of the action suggested at the meeting, although these gentlemen are also known to be opposed to the settlement.

3. The Governor in Council is entirely unable to accept your statement that the "province of Gujarat has suffered grievously by the land revenue policy of the Government", and he reiterates the statement made in the Government Resolution sanctioning this settlement that he has no doubt that the history of the taluka in the course of the next settlement period will be one of continually increasing prosperity. The history of Bardoli, as well as of Chorasi for the past thirty years is ample warrant for this prediction.

4. You state that in the preparation of the settlement it was "the obvious duty of Government to take the people affected into their confidence, and to instruct the officials concerned to make no recommendations without having held exhaustive consultation with the representatives of the villagers and giving due weight to them." You add that the officials have done nothing of the kind. You are presumably aware that the settlement was prepared by an experienced Revenue Officer, Mr. M. S. Jayakar who was in charge of the Prant in which Bardoli Taluka is contained. For a period ranging over ten months he travelled throughout the taluka and inspected each and every village. His inquiries were conducted in the fields and in the villages and after conversation and consultation with the cultivators. This was in accordance with the invariable practice of settlement work in this Presidency, and no deviation from the standing orders on the subject occurred. It is therefore not correct to state that the people had no opportunity of being heard.

5. You next proceed to assert that "the officials relied on the statistics of leases and rental values a principle by the by adopted by the Government, for the first time in the history of land revenue in this Presidency". The Governor in Council is unable to ascertain your authority for this statement. Section 107 of the Land Revenue Code directs that in revising assessments of land revenue regard shall be had to the value of land, and the Settlement Manual which has been in force for forty-five years directs the Settlement Officer to take into consideration a certain number of factors, one of which is statistics of leases, sales and mortgages. You state that "the Settlement Officer first made his report based on the usual system of revision in which rental valuation was a minor factor," and you add that "Government introduced an entirely extraneous factor in the matter by approving the recommendations of the Settlement Commissioner who not only adopted an entirely new principle of revision but even abandoned a grouping laid down by the Settlement Officer and made his own grouping on entirely different principles". It is perfectly true that the Commissioner of Settlement, who as a former Collector of the district had an intimate acquaintance

with the taluka, did make certain changes in the grouping, and also that he laid greater emphasis than the Settlement Officer did upon the statistics of rents and leases; but I am to point out that this action of his, so far from being detrimental to the interests of the persons affected, was actually to their advantage. The net result of the Settlement Officer's proposals was to give an increase of 30.59 per cent. over the existing assessment. The effect of the Commissioner of Settlement's proposals was to give an increase of 29.03 per cent. Then Government, consistently with the declaration of the Hon. the Revenue Member made in his speech in the Legislative Council in March 1927, to which you have referred, further investigated the statistics supplied to them, and finally, in order to give the fullest allowance to the possibility of prices having become unnaturally inflated during the war years and to obviate any chance of hardship, further revised the rates proposed by the Settlement Officer and modified by the Commissioner of Settlements by making a considerable reduction in them, the effect of which was to fix the net increase at 21.97 per cent. only, as contrasted with the Settlement Officer's 30.59 and the Commissioner of Settlement's 29.03. You state "the way in which these objections have been brushed aside discloses a determination on the part of Government to insist upon the increase notwithstanding objections however serious and consequences however great". The Governor in Council trusts that after you have perused the figures given above, you will realize that this statement has no foundation in fact. To sum up, the Governor in Council emphatically repudiates the contention that this settlement has been introduced without any regard for the condition of the cultivators and without an exhaustive consideration of all the materials available.

6. You suggest that it was a serious irregularity that 31 villages were served with a notice in the last week of July to submit their objections within two months to what in reality was a final order increasing the assessment, namely, Government Resolution No. 7259/24 of the 19th July 1927. I am to explain that notices of this kind are sent only to those villages in which there is an increase in the Settlement Officer's rates. The issue of this notice is not prescribed by law but is a matter of administrative practice adopted in order to enable the people to know that Government have had occasion to alter the Settlement Officer's rates. It is in the nature of a concession, and it is difficult to understand how it constitutes a serious irregularity. You state that such notices make "the final orders wear a tentative character". I am to point out that they are tentative only in the sense that if any representations made within two months should appear to Government to warrant such a course, Government would be prepared to revise the rates, but that if Government are not satisfied that the rates are unfair, they then remain fixed. You state that these notices "make it incumbent on Government to dispose of the objections before making the orders final which for want of six months' notice could not come into operation until the next revenue year". The Governor in Council knows of no provision of the law or of no administrative orders in regard to any such six months' notice, and he is at a loss to understand to what you refer.



7. I am finally to point out once again that Government have fixed the assessment of this taluka at rates lower than those recommended to them by their officers, that they have done so in their anxiety to avoid any possibility of hardship accruing to the cultivators, and I am to state that they are not prepared either to reconsider the Settlement, or in fact to make further concessions of any kind. If in face of this declaration, the people of Bardoli, either on their own initiative or yielding to the advice of persons from outside, default in payment of the revenue due from them, the Governor in Council will have no hesitation in applying the appropriate provisions of the Land Revenue Code, and he will accept no responsibility for the inevitable loss that must befall the defaulter.

I have the honour to be

Sir,

Your most obedient servant,

Sd. J. W. SMYTH.

Secretary to the Government of Bombay,  
Revenue Department.

(4)

AHMEDABAD, FEB. 21.

From

VALLABHBHAI JHAVERBHAI PATEL, ESQUIRE,

To

J. W. SMYTH, ESQUIRE, I.C.S.,

Secretary to the Government of Bombay,

Revenue Department.

SIR,

I am thankful to you for your very detailed letter of the 16th instant in reply to mine of the 6th instant. I propose to take up seriatim the various points you have raised.

2. I am surprised at your interpretation of the attitude taken up by me on the 12th instant in advising the people of the Bardoli Taluka to refuse payment of the assessment. I would invite your attention to the fact that people had come prepared to resolve on Satyagraha even on the 4th instant, and it was at my suggestion that they agreed to defer decision until the 12th. I had clearly stated this in my letter. In the absence of any further reply till that date beyond the formal acknowledgement transferring my urgent letter to the Revenue Department, I felt that I was entitled to infer that the department had chosen to ignore my letter. It was surely open to you to inform me by wire or otherwise before the 12th instant that I was to expect a detailed reply from you.

On a reference to "Young India" of the 16th instant which contains an authoritative report of the proceedings of the Conference, you will see that I said in my speech that I should not have hesitated to wait if the Government had ordered suspension

of the collection operations pending our negotiations. As regards the members of the Legislative Council, I submit that they made it clear at the first meeting that they had exhausted all the remedies they could think of and saw no alternative but to advise the agriculturists to approach me. My warning to the agriculturists of the consequences of the action proposed was stronger than that of these gentlemen.

3. In replying to the statement made in paragraph 3 of your letter, I shall not emulate your dogmatic tone. I shall invite His Excellency's attention to, among others, a few outstanding facts:

- (i) that Gujarat is admittedly the most highly assessed province in the whole of the Presidency.
- (ii) that the incidence of the revenue assessment in several talukas of Kaira District during the period of the Settlement which has now expired was regarded by Government themselves to be so heavy that they were obliged to resort to periodical concession of 16 per cent, on the assessment during the period of the lease in several villages, which ultimately resulted in a fresh revision in respect of two talukas when it was too late.
- (iii) the statistics of the human and cattle wealth of the most important of the Districts of the Presidency reveal a tale of steady deterioration in prosperity. I take my figures from the census and agricultural reports:—

#### POPULATION.

District.	1891	1921
Ahmedabad ..	9,21,507	8,90,911
Broach .. ..	3,41,490	3,07,745
Kaira .. ..	8,71,794	7,10,482
Surat .. ..	6,49,989	6,74,357

#### PLOUGH-CATTLE.

District	1885-86	1924-25
Ahmedabad ..	1,59,390	1,17,925
Broach .. ..	67,731	56,995
Kaira .. ..	1,57,744	1,04,263
Surat .. ..	1,46,520	1,12,603

I admit that the population of the Surat District shows a slight improvement. One wonders whether the enhanced assessment is intended to bring that district in a line with other districts whose resources are being steadily depleted.

(iv) The Government resolution scouts the objection about the growing indebtedness of agriculturists. Non-official enquiry shows that whereas during the period of the preceding settlement, the debts in the taluka amounted to 32 lakhs, the present indebtedness is in the neighbourhood of a crore.

4. As regards your statement that the Settlement Officer conducted his enquiry "in accordance with the invariable practice of Settlement work in this Presidency", I maintain on the strength of exhaustive inquiry from the agriculturists that the officer held no consultations worth the name, and relied for his report on records available from the village accountant with the result that he has included in his consideration sales and leases so-called. He claims in his report to have excluded them. I emphatically repudiate the claim and challenge an inquiry in respect of both of his appendices G. and H. His report bears no evidence of his having taken the people into confidence and is mainly based on uncertain data from the Record of Rights and on prices prevailing in abnormal years.

5. Your detailed argument in paragraph 5 compels me to canvas it rather exhaustively. You say that "Governor in Council is unable to ascertain my authority" for the statement that the principle of relying entirely on the statistics of leases and rental values is one adopted by Government for the first time in this Presidency. I would ask you to place before His Excellency, the Government publication called "Replies to the Questionnaire issued by the Land Revenue Assessment Committee Bombay", and invite his attention to the reply given by an experienced revenue officer forwarded by Mr. W. W. Smart, then Collector of Ahmednagar and now Commissioner of the Northern Division: "The tone of the questions seems to me to fix the agricultural assessments on the basis of the rental value alone. If I am correct in my presumption my answer is in the negative. I agree so far that it should be one of the factors which a Settlement Officer has to consider in proposing his maximum rates. It was never up to now, I believe, the basis for fixing the assessment". Mr. Mardhekar, then acting Collector of Broach, and having wide experience of Settlement work said: "Agricultural assessments have never been based entirely on rents in the past". As regards the principle itself, I shall content myself with citing the opinions of four of the revenue officers of the Bombay Presidency. The Officer just quoted says regarding the most unsatisfactory nature of rental value as even one of the factors to be considered: "the class of landlords who live on this rent bears a very low proportion to the cultivating classes. Just look at the census figures of the year 1921 and one will be convinced that the proportion of the landlords who live on income from rent of agricultural land is less than 8 per cent. to the total number of ordinary cultivators. While examining the Record of Rights of this Taluka, I was struck with the high figures of rents appearing therein and so I had the curiosity to find out the causes of such high rates. I came to know that a good deal of lands in villages round Shirpur town have passed into the hands of money-lenders at Shirpur.

They are not cultivated by the latter, but are again leased to persons from whom they are obtained. These persons are very jealous in getting these lands leased to themselves and to no one else. Taking advantage of this sentiment money-lenders are in the habit of enhancing rents at the expiration of each lease". Mr. Smart himself said as follows: "In a ryotwari province only a small percentage of land is rented and out of that small percentage at least half is not rented for an economic rent. Many leases are made to nominal sellers by the purchasers and the rent is "interest" rent. Rent is, therefore, neither wide enough nor sufficiently economic to serve as a basis for assessment". Mr. Mardhekar says in the course of his reply just quoted: "It is not always easy to get the true rents: cash rents are few and far between and produce rents cannot be easily converted into cash rents. Rents vary from field to field and from village to village in respect of land adjusted by the survey departments to be of the same soil classifications. Rents are an index and a guide to the value of lands, but it is not advisable to make them as the sole basis in fixing the agricultural assessment in this Presidency. Rents rise when there is keen demand for land and the pressure of population is heavy; they are low when there is no demand. If rents are alone taken as the basis for enhancements, the tenants are sure to suffer as they cannot follow any other profession and much distress would be caused. I am, therefore, of opinion that rent should be only considered as a guide and not taken as a basis. It is on this principle that all revisions up till now have been carried out and I see no reason why there should be any departure in the respect. The instructions to Settlement Officers as now laid down, should be retained". I shall quote only one more opinion, *viz.* your own as Collector of Kaira: "The rental value of lands is an insufficient basis for fixing agricultural assessments. Rents are not determined by purely economic causes in this part of India at least. Where the population is thick there is competition to take up lands consequently; the tenants at times offer more than the land is worth. If it is asked how in such circumstances they can make a living, the reply is that their incomes are supplemented in the off-seasons by work as labourers, by plying their bullock carts for hire, and by selling milk, ghee, etc. Rents are also determined to some extent by the condition of the soil, *e. g.*, whether it has been improved by regular manuring and by such facilities, as wells. There are also in places sentimental reasons which keep the cultivators attached to the soil and consequently make the terms of their tenancies difficult of justification on purely economic grounds. It is, therefore, suggested that some other basis than rents would be fairer". In face of these statements I am surprised that you express entire ignorance of the novel procedure adopted by the Settlement Commissioner, evidently anticipating the adoption of rental value as the sole basis of Settlement in future. I submit that a very large majority of the leases in Bardoli Taluka on which the Settlement Commissioner has relied are of the unreliable nature and detailed in the foregoing citations.

6. The modification by the Government of the Settlement Officer's and Settlement Commissioner's recommendations reveals not so much the anxiety of the Government to be fair to the agriculturists, as a reluctant appreciation of the gross injustice

of the recommendations based, in the first instance on doubtful data and abnormal prices, and in the other on the inequitable principle of rental value. The net increase of 22 per cent. that Government have suggested is a compromise which has no logical basis and betrays a determination on the part of Government to impose increased taxation on the agriculturists somehow or other.

7. I submit that there is absolutely no case for a compromise in a question like this. Either the Settlement Officers' reports are wholly acceptable or wholly unacceptable. They are not acceptable because they are in the one instance based on uncertain and unreliable data and in the other on a principle which so many Revenue Officers of the Government have admitted to be unreliable and prejudicial to the agriculturists' interests. In the circumstances, I submit, in all humility and with all the earnestness that I can command that there is no escape for Government from the appointment of an impartial tribunal to make an investigation into the whole case. You apparently seem unconcerned at the fact that a number of villages which have been placed in a higher group and whose condition is worse than some of the less assessed villages have been subjected to an increase of up to 66 per cent. I may note in passing that the assessment in villages belonging to Gaekwar's territory and contiguous to those in Valod Peta is 30 per cent. of that in the latter.

8. The notice I have suggested would seem to be obligatory from a Government Resolution cited at page 399 of the Survey and Settlement Manual. It reads: "If the proposals made by the Settlement Officer are altered by Government, a fresh notification should be issued". As regards the date of introduction, the orders are that "Revenue Settlements should invariably be introduced between the 1st August and the date of the 1st instalment of Land Revenue". (Page 402). As regards the levy of assessment Section 104 of the Land Revenue Code is explicit that "the revised assessment shall be levied only from the next following year". In the present case Government introduced the Settlement in July, invited objections from the villages, and never passed final orders on those objections. The introduction of the settlement in July thus contravenes an important settlement regulation, and the levy of assessment in the current year in respect of villages from which objections were invited is a serious flaw.

9. I am thankful for the declaration in paragraph 7 of your letter but I am sorry that you should have thought fit to indulge in language that does not become a responsible officer regarding me and my co-workers as "persons from outside" in your anger over my giving help to my own people; you have evidently missed the fact the Government which you represent is truly dominated by "persons from outside". Let me assure you that though I claim to belong as much to Bardoli as to any other part of India, I have gone to Bardoli at the instance of its distressed inhabitants to whom it is open any moment to dispense with my services. I wish it were equally easy and equally possible for them to dispense with a rule imposed from without by force of arms and which is daily sapping their vitality.

10. In conclusion I repeat once again my suggestion for the appointment of an impartial tribunal, and if His Excellency is pleased to accept my suggestion, I shall immediately advise the people of the Taluka to pay up the old assessment.

11. I propose, subject to His Excellency's consent, to send the correspondence to the Press.

Sd. VALLABHBHAI J. PATEL.

(5)

*Bombay Castle, Feb. 27.*

From

J. W. SMYTH, ESQUIRE, I.C.S.,

To

VALLABHBHAI J. PATEL, ESQUIRE.

SIR,

I am directed by the Governor in Council to acknowledge receipt of your letter of the 21st instant.

2. In paragraph 3 of your letter you invite His Excellency's attention to certain facts. The first is that Gujarat is admittedly the most highly assessed province in the whole of the Presidency. Whatever may be the case in regard to this general proposition, Government are unable to admit that the Bardoli Taluka is at present highly assessed. The incidence of assessment upon the rent is not above 35 per cent. It is approximately the same in the Baglan Taluka of Nasik District, and is higher in certain talukas. This is an interpretation of height in the terms of "proportion of rental values". But if height is used in the sense of the number of rupees per acre then Bardoli is assessed lower than Chorasi and several other talukas.

You next make an allusion to the incidence of assessment in Kaira District. Government are unable to see the connection between the circumstances of Kaira District and those of Bardoli Taluka, which is in a different district not even adjacent to the former.

In regard to your third point, you admit that the population of Surat District has increased. The Settlement Report shows that not only the human, but also the cattle population, of Bardoli Taluka has increased in the course of the current settlement. The Governor-in-Council, therefore, fails to see what object you had in view in quoting the comparative statistics of other districts of Gujarat, unless it was to give yourself an opening for the insinuation, which you then proceed to make, that "the enhanced assessment is intended to bring that district in a line with other districts whose resources are being steadily depleted". The Governor-in-Council cannot recollect any more perverse misrepresentation of the motives and actions of Government ever having been made by a public man

Your fourth point refers to the growing indebtedness of the agriculturists. The Governor-in-Council accepts neither the old figure nor the new one. The simple fact is that the public of Bardoli is not bankrupt nor in any way approaching to that condition. The population has increased, and none of the symptoms of bankruptcy is present.

3. In paragraph 4 of your letter you repudiate the claim of Government that the Settlement Officer did his work properly and you add that his report is 'mainly based on uncertain data from the Record of Rights and on prices prevailing in abnormal years'. Why the data furnished by the Record of Rights, which records the actual transactions entered into by the landholders should be held to be uncertain is not stated, and Government do not admit that they are. The argument that the figures of reports are based upon prices prevailing in abnormal years was fully dealt within the Government Resolution sanctioning the Chorasi settlement. The argument of those opposed to the settlement would appear to be that all the conditions that have subsisted throughout the world since August, 1914 are abnormal and transitory, and that there must necessarily be an early and complete reversion to the conditions prevailing before that date. Government are unable to accept a view, which leaves entirely out of consideration the lasting effects of a world-wide war and which although nearly ten years have elapsed since the conclusion of that war, still has no warrant in actual facts.

4. You next deal with the question of leases and rental values, and quote the opinions of certain officials as though they were authoritative pronouncements of Government. The point which those officers appear not to have sufficiently appreciated is that upto comparatively recent times there was no body of statistics available by means of which a settlement could be made with any real pretensions to accuracy. Such a body of statistics is now available in the Record of Rights and has been systematically employed for some years, as a perusal of the settlements recently sanctioned by Government will show. The policy of Government has been authoritatively laid down in the speech of the Honourable the Revenue Member in the Legislative Council on March 17th, 1927, to which I am to invite your attention, and I am to say that the Governor-in-Council adheres entirely to the declaration therein made.

5. Paragraph 6 of your letter entirely misrepresents the motives of Government in modifying the rates recommended to them and is scarcely less open to objection than the statement which has been dealt with in paragraph 2 above.

6. The copy of the Survey and Settlement Manual, from which you have made a quotation in paragraph 8 of your letter, is apparently not uptodate, since the following addition was made subsequently to the original issue of that work after the word "issued", namely, "inviting further objections as stated above: the rates approved by Government being held as provisional and subject to reconsideration after objections are received." You will therefore observe that the explanation given in

paragraph 6 of my letter No. 7259-B/24-3188 of the 16th instant in regard to those villages whose rates have been enhanced is correct. You then quoted the order contained in Government resolution No. 1447 of 27th February, 1901, that settlements should be introduced between August 1st and the date of the first instalment of land revenue. I am to point out that this practice has now given place to the more convenient and rational method of waiting till after the instalments of the year of introduction have been collected and then making the introduction. Details of this kind are, subject to the provisions of law, regulated by Executive orders, which Government are at liberty to vary as they think fit. There is no irregularity in the procedure which has been adopted in the introduction of this settlement.

7. I am now to invite your attention to a point not raised in your letter but mentioned in an article in the issue of the "Bombay Chronicle" dated 23rd February, 1928. It is to the effect that Government might attempt to "placate the people by holding out to them concessions known as the Igatpuri concessions". It is added that Government "had rejected with contempt the idea of Igatpuri concessions, but were now willing to offer them as they find that the people of Bardoli 'really mean business'." The writer of the article appears to be unaware that the so called Igatpuri concessions have been in force since 1885, that they are applicable to the Deccan, Gujarat and Southern Mahratha districts, and that they are granted automatically. Government do not, when a new settlement is being introduced, formally consider whether these should or should not be granted. Provided that the conditions prescribed are fulfilled, they are granted as a matter of course. It is therefore not the case that Government first rejected the idea of granting the Igatpuri concessions in Bardoli Taluka, and then decided to yield to pressure and to grant them; in this taluka, as in every other taluka, they will be granted wherever applicable. Government hope that you will make this presentation of the matter clear to your supporters.

8. Paragraph 9 of your letter would suggest that the letter No. 7259-B/24-3186 of 16th February, 1928, which is signed by me was written by a Secretary to Government on his own responsibility and represented his own views only. I am to make it clear that the letter, like this one, represents the considered views of his Excellency the Governor-in-Council and is to be taken as doing so.

9. I am to state that the Governor-in-Council is not prepared to accept the suggestions contained in paragraph 10 of your letter, and further that he has not the least objection to the whole correspondence being published in the Press.

10. I am lastly to observe that the position taken up by Government has now been fully placed before you and to request that if you have any further communication to make on the subject of this settlement you will address it to the Collector of the District.

Sd. J. W. SMYTH,



Mr. Vallabhbhai Patel's letter to the Press.

To

THE EDITOR OF "THE BOMBAY CHRONICLE".

SIR,

I enclose herewith for publication correspondence that has passed between Government and me on the subject of the revision settlement in Bardoli Taluka, in respect of which the agriculturists there have declared Satyagraha. I am taking in this letter an opportunity of making a brief reply to the last letter from Government, as the correspondence, in accordance with the last paragraph of that letter is practically closed.

2. I must take up first what would seem to be the gravamen of the charge against me. In the two paragraphs of the last letter from Government I have been charged with having made "perverse misrepresentations of the motives and actions of Government". I must cast the accusation back in the teeth of those who have made it. No representation or misrepresentation of "the motives or actions of Government" would seem to be necessary. Their motives and actions often speak for themselves. I could, if I chose, cite numerous extracts from various Settlement Officers' Reports to reveal the grasping, rack-renting, revenue policy of Government. I shall content myself with making just one quotation from Matar Report (Government Publication No. DLXXIX—New series). It would appear that the Collector Mr. Ghosal had proposed enhancement of rates in respect of that impoverished Taluka. The Settlement Commissioner felt that the Collector was out-Shylocking and he used language that is reminiscent of Salisbury's classic phrase, "India has been bled white". The Settlement Commissioner said: "With Mr. Ghosal's proposed increase upon the concession rates, I cannot possibly associate myself. I should like to see the reduction go further than the Assistant Settlement Officer proposes. The patient has not done well under astringents: let us therefore give a fair exhibition of the opposite treatment, and if after 30 years he has waxed too fat then we can, with a better conscience raise our rates in 1947." Bardoli with a slight increase in population seems to Government to have 'waxed too fat', and in the letter under reference the complacent statement is made: "The simple fact is that the public of Bardoli (sic) is not bankrupt, nor in any way approaching to that condition". Figures and statements given or made by their own officials, if inconvenient to them, are irrelevant or unacceptable! In reply to the first letter from Government which dogmatically asserted that "the Governor-in-Council is entirely unable to accept your statement that the province of Gujarat has suffered grievously by the land revenue policy of the Government", I cited certain reports and figures from Government reports in support of my statement. The reply to this is that they do not care what the case may be "in regard to this general pro-

position", and that there is no connection between Bardoli and Kaira. On the authority of a previous Settlement Officer I stated that the Bardoli Taluka was fairly heavily indebted even 30 years ago. But we are told that "the Governor-in-Council accepts neither the old figures nor the new." Can any one, I ask, imagine a more perverse attitude than this ?

3. I must devote a paragraph to the apparent jugglery of the incidence of assessment in Bardoli being not more than 35 per cent. Government conveniently forget that the whole of contention is that the tables of leases and sales prepared by the Settlement Officer are untrustworthy. inasmuch as the officer has failed to exclude uneconomic transactions, and that a majority of the transactions included are uneconomic. If anything like an attempt had been made to sift instances of genuine economic rent, the incidence would go even higher than 50 per cent. But it is objected in the letter : "Why the data furnished by the Record of Rights which records the actual transactions entered into by the landholders should be held to be uncertain is not stated." I am sorry that my exhaustive reply on this point should still leave any doubt on this matter. The Record of Rights is a bare record of monetary transactions, and offers no guidance as to the circumstances attending each transaction. If the investigating officer is conscientious, he would go into each transaction, make a searching inquiry into the circumstances and accept or reject it as a genuine economic transaction. The very weighty quotations I gave from the evidence tendered by Government officials, whose opinions the Government now disown, make the unreliable nature of the data afforded by the Government record abundantly clear and I need not dilate further on the point. Suffice it to say that the officials in question knew full well that the 'body of statistics' claimed to be 'now available' has been available all these years, but that their experience led them to sound a note of warning as to the unreliable nature of this body of statistics. I still emphatically repudiate the claim of Government that the Settlement Officer did his work properly, and challenge an inquiry in the matter. I go further and say that in taking all the sale transactions from the records, the Settlement Officer has entirely defeated the safe-guard in section 107 of the Land Revenue Code which provides that if improvements are made by or at the cost of the holder thereof, "the increase in the value of such land or in the profit of cultivating the same, due to the said improvement, shall not be taken into account in fixing the revised assessments thereof".

4. As regards paragraph 7 of the letter under reference I may say that I am not in league with the friends in the press or on the platform who are good enough to support me. But I say on their behalf that no one would expect them to be students of minor Government notifications and rules and regulations. They extend their support because of the equities of the case, and because they have lost all faith in the bonafides of Government. But here too I may mention in passing that even he who cares to go through the puzzling maze of the numerous notifications and rules hardly finds

his trouble repaid. For Government have always a ready reply to any objections about irregularity: "This practice has now given place to that"; and "Government are at liberty to vary the executive orders as they think fit"!

5. Paragraph 8 of the letter under reference sets on the original insult the seal of approval of his Excellency the Governor-in-Council. I can only say that it serves but to confirm the fact that the system which is essentially based on force and which loves to flaunt its insolent might on each and every occasion must go.

6. But the object of the Satyagraha in Bardoli is limited. It is nothing more or less than the assertion of a popular right namely to demand an impartial inquiry in a matter which as the correspondence herewith enclosed will amply show, is sufficiently contentious. The popular contention is that there is absolutely no case for enhancement of the revenue in Bardoli Taluka. I have, however, not pressed that claim so much as the people's unquestionable right to demand an impartial inquiry. I have challenged the Settlement Officer's report. I have challenged the principle on which the Settlement Commissioner has proceeded. Let Government take up the challenge and prove that I am wrong. Even the Satyagraha pledge binds the agriculturists of the Bardoli Taluka to pay up the old assessment as soon as Government are prepared to accept it in full payment of their demand or to appoint an impartial tribunal. An honourable Government should not find it difficult to accept either of the two alternatives.

Yours &c.,

VALLABHBHAI J. PATEL.

## APPENDIX II.

### Gujarat M.L.C's Correspondence with H. E. the Governor.

(1)

To

HIS EXCELLENCY THE RIGHT HON'BLE,

LT.-COL. SIR LESLIE WILSON, G.C.I.E.,

GOVERNOR OF BOMBAY,

18th April 1928.

Your Excellency,

We the elected representatives of Gujarat feel compelled to bring to the notice of Your Excellency one serious and important grievance of the people of Gujarat.

In the year 1924-25 a fresh revision settlement was made in the two talukas of Bardoli and Chorashi in the Surat District. As soon as these proposals were published petitions of objections were submitted from the villages of both these Talukas, but no heed was paid by Government to these petitions. Several representatives of the cultivators of these two talukas waited in deputation on the Hon'ble the Revenue Member, but a deaf ear was turned to their request also. Subsequently representations were submitted by both the elected representatives of the Surat District in which a very strong case was made out against the proposed revision settlement proposals and they contained a request for a fresh and independent inquiry. But no attention was paid even to these representations. Finally, Mr. Vallabhbai J. Patel in his letter dated the 6th February 1928 addressed to Your Excellency, again asked for a fresh independent inquiry but Government instead of listening to him, had the impudence to call him an outsider.

But we have to regret to observe that so far Government have paid no heed to any of the above representations and have compelled the poor people of Gujarat to have recourse to the extreme step of non-payment of Land Revenue after they have exhausted each and every possible means, without getting any redress from Government. We are therefore compelled to state that the responsibility for this step of non-payment of Land Revenue lies on the shoulders of Government.

Some of us had met at Bardoli on 11th April 1928 to consider the best way out of the difficulty and to suggest a solution. We are after a full and proper inquiry, satisfied that the very data placed by the Settlement Officer before Government in the form of statistics and figures of rentals etc., are wrong, erroneous and defective and consequently the conclusions of Government which are based on these figures are bound to be wrong and erroneous. The Settlement Officer has collected the data through village officers and has not taken the trouble to check or verify them, nor has he mad

any allowance for improvements as required by proviso to section 107, Land Revenue Code. Further the Settlement Commissioner has totally rejected the report of the Settlement Officer and has as admitted by Government, practically re-written it. He has changed both the maxima rates and the grouping of villages and these changes have been accepted by Government. But the report of the Settlement Commissioner has not been published, nor have any objections been invited against it. The Settlement Commissioner has proceeded on wrong principles and has committed serious blunders about facts. In para 21 of his report he states that "the Settlement Officer has collected rents for 42,923 acres out of the gross area of 1,26,982 acres." He has from this drawn the conclusion that at least one-third of the area of the Taluka is leased on cash rental. But the leased area of the acres 42,923 is not for one year but for seven years as is clear from a closer scrutiny. This means that the area leased is not one-third but one-twentieth. It is obviously wrong to base assessments for 100 % lands on figures collected for 5 % of the lands. In short and as a matter of fact, the report of the Settlement Commissioner contains the strongest arguments for a fresh inquiry.

We therefore take this opportunity of requesting Your Excellency to order a fresh and independent inquiry on the lines suggested by Mr. Vallabhbai J. Patel in his letter dated the 6th February addressed to Your Excellency and hope that this reasonable request of ours will be granted. If, however, Your Excellency is unable to accept this proposal, we will have no other alternative but to tender our resignations from the Bombay Legislative Council and to offer ourselves for re-election in order to prove it to Your Excellency that the whole of Gujarat is behind us in this demand for a fresh and independent inquiry.

We have the honour to be,  
Your Excellency's most obedient servants,  
Sd. DADUBHAI P. DESAI,  
Sd. H. B. SHIVADASANI,  
Sd. BHIMBHAI R. NAIK,  
Sd. M. K. DIXIT,  
Sd W. S. MUKADAM,  
Sd. J. C. SWAMINARAYAN,  
Sd. AMRITLAL D. SHETH.

(2)

GOVERNMENT HOUSE, MAHABLESHWAR,  
20TH APRIL 1928.

To  
RAO SAHEB DADUBHAI P. DESAI, M.L.C.  
DEAR MR. DESAI,

I am to return the letter addressed to His Excellency the Governor by eight Gujarat Members of the Legislative Council, including yourself, which was received

with your covering letter of the 18th instant, and to draw your attention to the passage in which you state with regard to Mr. Vallabhbhai J. Patel that "Government, instead of listening to him, had the impudence to call him an outsider".

Apart from the fact that this statement is not correct, His Excellency is quite sure that you will understand that the language in which the statement is made is such that, in his position as head of Government, he must decline to reply to the other points raised in the communication and letter at all in its present form.

Yours Sincerely  
Sd. J. C. KER.

(3)

GIRGAM, CHINA BAG,  
BOMBAY, 21ST APRIL 1928.

To

J. C. KER ESQUIRE, C.I.E.,

DEAR MR. KER,

I am in receipt of your letter dated 20th April 1928 and in reply thereto I desire to assure His Excellency on behalf of the eight Gujarat Members that none of them had any intention whatever to be in any way discourteous to Government.

I am glad to learn that the statement attributed to Government in our representation was not made by them and I fully appreciate the difficulty of His Excellency in dealing with our representation as it stands. On behalf of the signatories, therefore, I request that for the words "had the impudence to call him an outsider" the following words be substituted "treated it as coming from outside."

I trust that this amendment will meet the objection raised and that His Excellency will be disposed to consider the representation on its merits. I return the representation which you will kindly submit to His Excellency with the amendment as suggested by me above.

I shall be in Mahaleshwar on the 23rd noon and shall be glad to have an opportunity of explaining the misunderstanding to His Excellency at such time as he might be pleased to fix. My address will be "Valley View, Mahaleshwar."

Yours sincerely,  
Sd. DADUBHAI P. DESAI.

GOVERNMENT HOUSE, MAHABLESHWAR,  
23RD APRIL 1928.

To

RAO SAHEB DADUBHAI P. DESAI, M.L.C.

DEAR MR. DESAI,

I am to acknowledge receipt of your letter of the 21st of April and to say that His Excellency has been pleased to accept the explanation and apology offered by you on your own behalf, and of the other signatories to the joint letter from eight Gujarat members of Council and to take into consideration their letter as amended on their behalf by you.

2. When so much has been written about the way in which this settlement was prepared it cannot be repeated too often that the Settlement Officer proposed an increase of 30.59 per cent. The Settlement Commissioner reduced this to 29.03 per cent while Government contented themselves with 21.97 per cent., a figure which has been further reduced to approximately 20 per cent., owing to the regrouping of certain villages which has recently been sanctioned. His Excellency is satisfied that the modification in the grouping thus made has removed any trace of unfairness that might have been present before, and he is further satisfied that, since the date of the previous revision settlement which was made 30 years ago, the profits of agriculture in Bardoli Taluka have increased by much more than 20 per cent and that consequently it is equitable that the assessment being Government's share of these profits, the increase of which is mainly due to Government action, should be 20 per cent over all. In these circumstances, His Excellency cannot see that any case has been made out for reconsideration of the terms of the settlement.

3. The decision whether you and the other seven members of Council should tender your resignations is one that must, of course, rest with yourselves. It would prove that you are opposed to any increase in the land revenue in Bardoli Taluka and perhaps in any other part of Gujarat, and if you were re-elected it would prove that the electors of Gujarat were equally opposed to any increase, and were desirous of avoiding any further taxation themselves. I am to suggest, however, that it does not require such an extreme step as the resignations of eight members of Council to prove this self-evident and axiomatic proposition. His Excellency has no doubt that anybody of tax-payers in any country would be equally unanimous in their desire that some sections of the community, other than themselves should bear the burden of taxation. Indeed one of the main pre-occupations of Government in every country is to adjust this burden equitably and the shifting of the incidence of taxation is an important plank in the platform of every political party.

4. The consequence is that if each section of the community were consulted separately, no taxes would be levied at all by any Government or Municipality or Local Board and it is necessary for each such authority to take into consideration the views

of the representatives of the people concerned *as a whole* and not by sections. As you are aware, the question of Bardoli was discussed in the Bombay Legislative Council on the 13th of March last, the Hon'ble mover of the resolution, for lack of time, did not attempt to make out a case against the decisions reached by Government, but he challenged Government to go to a division. Government acceded to his request, and the motion was defeated by 44 votes to 35 and the decision taken by Government was thus endorsed by the Legislative Council.

5. His Excellency considers that, for the reasons explained above, he must be influenced in this matter rather by the considered opinion of the Legislative Council as a whole, than by that of a part of the Council closely interested in the question under discussion. For these reasons, His Excellency regrets that he does not find it possible to accede to your request for a further inquiry into the settlement of Bardoli Taluka

Yours sincerely,

Sd. J. C. KER.

(5)

GOVERNMENT HOUSE, MAHABLESHWAR,

23rd April 1928.

To

RAO SAHEB DADUBHAI P. DESAI, M.L.C.

DEAR RAO SAHEB,

With reference to the request for an interview with His Excellency the Governor contained in your letter of the 21st April, I am to say that His Excellency will be glad to see you at Government House on Tuesday, the 24th April, at 11-30 a.m.

Yours sincerely,

Sd. J. C. KER.

(6)

MAHABLESHWAR,

28TH APRIL 1928.

To

J. C. KER, ESQUIRE, C.I.E.,

DEAR MR. KER,

While acknowledging receipt of your letter dated 23rd instant in reply to the representation to His Excellency submitted by eight M.L.C.'s from Gujarat including myself, I may venture to state that there was hardly any reason for hurrying His Excellency's reply before the interview which His Excellency was pleased to grant on the 24th instant.



I may state here that it was not the intention of the Gujarat members to object to any equitable and just taxation but to request His Excellency to order a fresh inquiry into the recent revision settlement of Bardoli and Chorashi Talukas with a view to set right grave mistakes both in data and in the decision arrived at on these data.

The signatories believed that the Settlement Commissioner had blundered in taking rentals as the sole basis for revision especially as no objections were invited on his report.

Even in using rental data for his purposes he has blundered in not eliminating rents of an abnormal period or in not taking the average rental of the whole of the last 30 years' period. The data too are misleading and insufficient and the decision of Government arrived at on such data is bound to be faulty.

As regards profits I may be permitted to state that we are convinced that owing to falling prices and decrease in yield and considerable increase in the cost of production and in the cost of living, they are negligible and it will be apparent from the rental statistics given in the report that barring the abnormal years from 1918, the rentals were never so high as to justify any increase at the revision.

In your reply His Excellency has been pleased to regard and reduce our proposal to resign our membership of the Legislative Council and to seek re-election to a *reductio ad absurdum* by stating that no one in the world is willing to pay taxes and that for the purpose of proving such a self-evident and an axiomatic proposition no resignations were called for. In that connection I may venture to submit that neither the signatories nor the electorates in Gujarat desire to shirk in any degree their liability to bear an equitable burden of taxation. Gujarat has been bearing all along more than its equitable share; in this particular instance however the burden is decidedly inequitable and what we seek is not to shift the incidence of taxation inequitably but to have it adjusted on the lines of the existing law and rules thereunder.

In the reply stress has been placed on the vote of the Legislative Council as barring any further inquiry to find out the truth as to the correctness or otherwise of the revision settlement of Bardoli and Chorashi Talukas. May I venture to submit that the Hon. Mr. Rieu had specifically refused to be bound by the vote of the Council? If, however, the vote of the Council of March last as to the policy is to be raised to the dignity of a bar to further inquiry to find out the truth, why should His Excellency be pleased to ignore the resolution of the same Council passed in March 1927 by an overwhelming majority? I respectfully submit that where there is the will, there is the way, and prestige of one or two officers should not be confused with the prestige of Government, which would be rather enhanced by His Excellency at least ordering the officers of Government to look into the matter to ascertain the substance or otherwise of the grievances so persistently urged, as submitted by Rao Bahadur Bhimbhai and myself at the interview.

Lastly I respectfully beg to submit to His Excellency that when such a modest prayer as an inquiry through even Government's own officers is being turned down, there is hardly any other recourse open to us but to stick to our decision to resign our membership of the Legislative Council and to seek re-election on this issue thereafter.

Yours sincerely,  
Sd. DADUBHAI P. DESAI.

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(7)

GOVERNMENT HOUSE, MAHABLESHWAR,  
30TH APRIL 1928.

To.

RAO SAHEB DADUBHAI DESAI, M.L.C.

DEAR MR. DESAI,

I am to acknowledge receipt of your letter of the 23th of April, and to say that it has been submitted to His Excellency.

With regard to the last paragraph of your letter, I am to point out that the statement that "such a modest prayer as an inquiry through even Government's own officers is being turned down" is not correct. What was asked for in the representation signed by the eight Gujarat members of the Legislative Council was "a fresh and independent enquiry" to which request it is not possible, as you were informed in my letter of the 23rd instant for His Excellency to agree.

Yours sincerely,  
Sd. J. C. KER.

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(8)

NADIAD, 4TH MAY 1928.

To

J. C. KER, ESQUIRE, C.I.E.

DEAR MR. KER,

I am in receipt of your letter dated 30th April 1928 and in reply thereto, I desire to bring to the notice of His Excellency that when in our representation we asked for a "fresh and independent inquiry" we did not necessarily mean such inquiry by non-official agency. As a matter of fact, in using those words, we wanted to emphasise the fact that if Government decided to have such inquiry through their own officer instead of a non-official agency that officer should be entirely unconnected with the previous enquiry in that subject and that the enquiry should be open and fresh so as to

enable the people or their representatives to present their case. We request that the officer should not be connected with the subsequent coercive measures adopted in Bardoli Taluka.

I and my friends are glad that His Excellency is willing to consider the question of such inquiry through an officer of Government and if we are right in our interpretation of His Excellency's meaning, we hope and trust that His Excellency will without delay direct such inquiry and as a necessary corollary also direct the suspension of the recovery of the enhanced assessment. If this is done, we, on our part, are prepared to press upon Mr. Vallabhbhai Patel the advisability of calling off his movement and also to have the land revenue paid up forthwith at the pre-revision rate.

May I therefore request you to submit this to His Excellency and let me have his considered and final view in the matter as early as possible in order to enable us to determine the course which we should adopt in this matter.

Yours sincerely,  
Sd. DADUBHAI P. DESAI.

(9)

GOVERNMENT HOUSE, MAHABLESHWAR,

8TH MAY, 1928.

To

RAO SAHEB DADUBHAI P. DESAI, M.L.C.

DEAR MR. DESAI,

In reply to your letter of the 4th of May, I am to say that you have evidently misunderstood my letter of the 30th of April. In it I merely pointed out that a certain statement made in your letter of the 28th April 1928 was not correct. There is no suggestion in my letter that His Excellency is willing to consider the question of a fresh enquiry through an officer of Government, and the letter cannot bear such an interpretation.

On the merits of the case, His Excellency has nothing to add to the statement contained in para 2 of my letter of the 23rd April, and on the question of any further enquiry, he has nothing to add to what is written in that letter and to what he told you personally at your interview with him on the 24th of the same month.

Yours sincerely,  
Sd. J. C. KER.

Gujarat M.L.C's Letter of Resignation.

To

HIS EXCELLENCY, THE RIGHT HON'BLE

LT.-COL. SIR LESLIE WILSON, G.C.I.E.,

GOVERNOR OF BOMBAY.

BOMBAY.

NADIAD, 15TH MAY 1928.

YOUR EXCELLENCY,

We had in our letter of the 18th April demanded a fresh and open enquiry into the Revision Settlements of Bardoli and Chorasi Talukas but regret to find that Government has thought it fit to refuse even this reasonable and modest demand. We are of opinion that the refusal is due to Government thinking of its prestige, but we think that Government by adopting this course instead of increasing its prestige is fast losing it and is bringing itself into hatred and contempt by acting lawlessly and ruthlessly in the Bardoli Taluka.

Again we are convinced that the Government did wrong while the correspondence with Your Excellency was going on, in deliberately launching with the help of Pathan hirelings, a policy of repression and illegal coercion even to the extent of attaching buffaloes without making *panchkyas* or inquiry as to their ownership and giving them away to butchers for a trifle, pursued against a poor and helpless peasantry whose only fault appears to be that of asking for bare justice but who even in the face of such provocative measures, have preserved that spirit of self-control, discipline and forbearance which characterises the rural population of this country.

Apart however from this fact and that such measures are unprecedented in the history of this Presidency, we may be permitted to observe that no wise Government would ever think of resorting to such harsh and illegal methods against this class which has proved a powerful bulwark to the State and has even at the cost of its own legitimate needs and wellbeing contributed most to maintain it and when a Government forgetful of its own obligations commits grave breaches of law and ruthlessly attempts to trample under foot such a noble and law abiding people, it is but fair and proper for us as a protest against the high handed policy and illegal measures of the Government in that taluka to resign our seats on the Bombay Legislative Council and so we request Your Excellency to accept our resignations for the same.

We remain,	Sd. H. B. SHIVADASANI, Rural Surat,
Your Excellency's	Sd. M. K. DIXIT, City, Surat.
Most obedient servants,	Sd. W. S. MUKADAM, Panch Mahals.
Sd. DADUBHAI P. DESAI, Kaira.	Sd. J. C. SWAMINARAYAN,
	Rural Ahmedabad.
Sd. BHIMBHAI R. NAIK, Rural Surat	Sd. AMRITLAL D. SHETH,
	Rural Ahmedabad.

### APPENDIX III.

Mr. Smart, Commissioner, N.D.'s Letter to Dr. Edal Behram.

CAMP SURAT,  
8TH MAY 1928.

DEAR DR. EDAL BEHRAM,

Many thanks for your letter. I am quite sure that the articles you wrote were inspired by that goodness of heart which has made you devote your life to the cause of helping poor lepers and not by any Government Officer.

Before starting stern measures to recover the dues of Government I did my best to persuade the agitators from Kaira to give up their campaign. Government Officers could not place the case of Government before the people of Bardoli as they have been subjected to spying, mobbing and other indignities. Any one who approached them became suspect and was subjected to threats of excommunication. The ears of the people have been closed to the arguments which Government have put forward in Council and which induced the Council to reject the vote of censure by 44 to 35.

No one is more anxious than I am that the poor cultivators should not be ruined by the swarm of agitators who are living on them and misguiding them. I have made it quite clear to R. B. Bhimbhai Naik, M.L.C., that I am willing to investigate the case of any village which can show reasonable grounds for supposing that it has been wrongly grouped, provided the refusal to pay the revised assessment (amounting to an increase of about 20 %) throughout the Taluka and Mahal is abandoned.

Government cannot give up taking every possible measure to recover the revenue. Every revision lawfully introduced would be challenged. The agitators now in Bardoli are the same men who conducted the no-tax campaign in Kaira District in 1918 and they have adopted almost the same methods to prevent those who want to pay from paying e.g., threats of excommunication, social boycott and fines.

There are 5 talukas in Kaira District from which these agitators come, the revision settlements of which have been postponed for 2 years on account of floods. Nearly half a crore of rupees has been advanced by Government in Kaira District for flood relief in the last 7 or 8 months. If they succeeded in Bardoli, the recovery of Government assessment and Takavi in Kaira District would be imperilled.

You can make any use of this letter you like. What I have written is not confidential but states well-known facts.

Yours sincerely,

Sd. W. W. SMART.

## APPENDIX IV.

### Government Notification of 31st May, 1928.

Over the signature of Mr. J. W. Smyth, Secretary to the Government, Revenue Department, the Government of Bombay issued the following notification on 31st May 1928 to the occupants of land in the Bardoli Taluka and Valod Mahal. The notification was distributed broadcast in Gujarati in the villages of the Bardoli Taluka :—

The occupants of agricultural land in Bardoli Taluka and Valod Mahal with the assistance of persons who do not reside there, combined in February last to refuse to pay the revised assessment. The Settlement Officer had proposed an increase of 30 per cent. The Settlement Commissioner's recommendations involved an increase of 29 per cent. Government after the most careful enquiry and the fullest consideration of all the objections raised both by the cultivators and certain members of the Legislative Council fixed the rates at 20 per cent. in excess of those paid during the 30 years' currency of the previous settlement. Uptil the middle of April last the Revenue Officers confined their action to notices of demand and attempts at distraint. The latter were frustrated by organized evasion, the locking up of houses and threats to the Village [Patels and Vethyas of boycott and excommunication.

Government then reluctantly resorted to the forfeiture of land and organised attachment of buffaloes and moveable property. Twenty-five Pathans were obtained to assist the Mamlatdar and Mahalkaris in the work of attachment and the care of animals attached. Unfounded allegations have been made against these Pathans. Government are satisfied that their conduct has been exemplary in every respect. They are being employed at headquarters to look after the buffaloes distrained, and also in parties of five to assist in making attachments under the eye of the Mamlatdar and the four Mahalkaris. The notion that five parties each of five Pathans working under the eye of a responsible officer of Government can terrorize a population of 90,000 persons as has been alleged in certain newspapers, is incredible. Nevertheless as soon as the threats to the Vethyas are withdrawn by the non-co-operation leaders and they are allowed to resume their lawful occupations, the necessity for retaining these Pathans will disappear, and they will be sent away.

The non-agriculturist defaulters have been served with notices of forfeiture accompanied by a special warning that their lands would be entered as Government unoccupied waste on expiry of the period of such notice and disposed of to persons applying for the occupancy as opportunity occurred; *and that such lands once disposed of would never be returned to them.*

Up to date 1,400 acres of such land have been disposed of and about 5,000 acres more will be disposed of in due course unless the arrears due thereon be sooner paid.

Applicants, Hindus, Mahomedans and Parsis, many of whom reside in Surat District, are forthcoming for all this land. It is evident that these persons have no apprehensions that the revised assessments are excessive and that they will be unable to pay them.

A very small area of land belonging to agriculturists with large holdings has been similarly dealt with.

Notices of forfeiture of land belonging to other agriculturists have been issued and in some cases proclamations of sale have been made. The area of land so dealt with is very considerable.

Government wish to draw the earnest attention of the cultivators of Bardoli and Valod to the above statements of fact. The non-co-operation leaders declared that Government would be afraid to forfeit any land and that if they did, no one would dare to come forward to take up the occupancy. They also said that no one would dare to purchase the buffaloes that had been distrained. These declarations have been proved to be entirely incorrect. They further stated that none of the land revenue would be paid. This statement is equally incorrect. Up to the present one lakh of rupees have been recovered by Government towards the realization of the total revenue of the Taluka and Mahal; that is, nearly one-sixth of the revenue has already been paid up. It is to be noted that in the neighbouring Taluka of Chorasi, where the revised rates are higher than in Bardoli and have also been introduced this year, over nine-tenths of the land revenue has been paid up.

Many of the payments in Bardoli and Valod have been received from occupants of all castes and creeds whose names have been kept secret by Government officers, so that they may not be harassed by excommunication, social boycott and fines, with which occupants who pay their lawful dues to Government have been threatened by the Non-Co-operation leaders.

Government believe that many more persons are anxious to pay and Government wish to give them full opportunity to do so, and so save them from loss of their land. They are therefore informed (i) that the Collector has the power to give exemption from the payment of one-fourth fine which is due from defaulters and that he will exercise this discretion in the case of persons who pay their land revenue on or before June 19 and (ii) that payments may be made through any Government Officer, or by remittance to the Taluka, Mahal or Huzur Treasuries.

## APPENDIX V.

### The Hon. Mr. Patel's Letter to Mahatma Gandhi.

SIMLA, MAY 31.

The Hon. Mr. V. J. Patel, President of the Legislative Assembly, addressed the following letter to Mahatma Gandhi explaining his attitude and views on the conflict between the people of Bardoli Taluka in Gujarat and the Government of Bombay and contributing Rs. 1,000 per month towards the fund that had been started to help the sufferers :—

MY DEAR MAHATMAJI,

I have seen the public appeal for funds which you have made on behalf of the people of Bardoli Taluka which is part of my constituency. As a Gujarati myself and as a member of the Legislative Assembly representing Gujarat I have been closely following the struggle that is going on in Bardoli. In my humble way, and consistently with the obligations of the office I hold, I have endeavoured to obtain a hearing on behalf of the Bardoli satyagrahis. If the subject matter of the grievance complained of were within the jurisdiction of the Government of India I could have, in accordance with a convention recently established, claimed the personal intervention of His Excellency the Viceroy or the member of his Council concerned and asked him to look into the matter himself with sympathetic consideration. This convention was established for the first time last year when my constituency was the victim of unprecedented floods and on that occasion His Excellency the Viceroy, at my request, was pleased to visit the flood-stricken areas and to extend his moral as well as material support to my people. The subject matter of the grievance in this case being entirely within the exclusive competence of the Government of Bombay I am unable to rely upon that convention.

My study of the struggle has convinced me that the Bardoli people have a just case for asking for an independent and impartial inquiry. I am also convinced that they have exhausted all other constitutional methods open to them for the redress of their grievance. I have watched with admiration the courage, patience and suffering of the men and women of Bardoli and I have also watched with equal pain and indignation some of the coercive measures that have been adopted by Government to collect the assessment which is the bone of contention between Government and the people of that taluka. I believe that the measures adopted have crossed in several instances the bounds of law, order and decency and the arrogant letter of the Commissioner N. D. has painfully aggravated the situation.

In these circumstances I feel that I cannot remain silent and inactive. I am sorry that I cannot at the present moment express my deep sympathy to the people of the taluka and my strong disapproval of the coercive measures and of the letter of the Commissioner N. D. more tangibly than by sending the accompanying small



contribution of Rs. 1,000 towards the fund which is now being raised on their behalf. I propose to continue to send the same amount from month to month so long as the struggle lasts. I wish to give you this further assurance that at the very first opportunity I shall place myself in communication with those who have called me to the high office which I have the honour to occupy and which I regard as simply a trust on their behalf and if I find that I can take any other more effective step to help the sufferers of Bardoli you will not find me lagging behind. With kind regards.

Yours sincerely,

Sd. V. J. PATEL.

## APPENDIX VI.

### Letter of Resignation of Messrs. K. F. Nariman, B. T. Desai and N. A. Bechar.

The following letter was jointly addressed by Messrs. K. F. Nariman, B. T. Desai and Narayandas A. Bechar, to the Governor of Bombay in resigning their seats in the Legislative Council as a protest "both against the unjust policy of land revenue assessment and the ruthless policy of repression" followed by Government in Bardoli:—

To

H. E. the Governor of Bombay,  
Bombay.

Your Excellency,

We, the following elected representatives, representing different constituencies in this Presidency, tender our resignations from our respective seats in the Legislative Council as an emphatic protest against the ruthless and oppressive policy of repression started by the Government of Bombay in Bardoli Taluka in Surat District to coerce the people of Bardoli to surrender to an unjust and inequitable enhancement of the land revenue assessment in that Taluka.

We do not propose to traverse the ground already covered by our honourable colleagues, the members for Gujrat, who in their letter submitting resignations have sufficiently exposed the ruthless nature of the land revenue policy of the Government, and we hereby endorse whole-heartedly the views expressed therein. The Government, as usual, with a view to create divisions amongst the elected non-official members and thus consolidate their own position, have again made futile efforts to set up the rest of the territories of the Presidency against Gujarat, by insinuating that the agitation in Bardoli and Gujarat is a selfish move on the part of the members for Gujarat to shift the burden of taxation from their own constituencies to other parts of the Presidency.

The resignations tendered by the undersigned, who do not represent any part or district in Gujarat, will disillusion the Government on this point, and it is hoped that it will desist in future from such efforts to create territorial divisions and to make attempts to set up one part of the Presidency against another. The intensity of the agitation and the universal nature of the protest raised from all parts of the Presidency, including distant Karnatak, should have convinced any honest and impartial observer by this time, that so far as the public are concerned, this question is not only affecting the unfortunate peasantry of Bardoli and Gujarat but is one vitally affecting the peasantry and agricultural population of the whole Presidency; and the fact that other parts of the Presidency pay the enhanced taxation meekly, does not follow that they admit the equity or justice of this impost but simply because they are overawed and terrorised into this unjust payment by introduction of

man and barbarous laws and legislation, to wit, the Land Revenue Code, and have not developed the necessary courage to resist it as the brave peasants of Bardoli. Therefore the Government need not flatter itself into a false belief that except Bardoli and Gujarat, the rest of the Presidency has acquiesced in its policy or approves of its methods because they are not actually and actively resisted. As a matter of fact, the Government could not be unaware of the fact that several other Talukas and Districts have also sent their protest against the enhancement.

We also note that the Government, to prop up a weak and indefensible case, have to rely upon and constantly refer to the resolution or motion for a cut in the Land Revenue Budget grant in the last sessions of the Legislative Council. We need not refer to the questionable tactics resorted to by the Government in canvassing the vote and exploiting the situation created by the two impending vacancies in the Government. The policy and attitude adopted by the Government in this matter vividly illustrates the fact that the Government accept only such resolutions of the Council as suit them and entirely ignore and reject others that do not serve their purpose. The Government could not be unaware of two other important resolutions on the same subject—one in March 1924 passed by a majority in the Legislative Council, whereby it was resolved that a committee be appointed to consider the question of bringing the process of revising the land revenue under closer regulation and to report on the nature and form of the legislation to that end, and "that no revision be proceeded with and that no new rates be levied till the said legislation was brought into effect."

Again in March 1927, the Legislative Council passed by a majority of 52 votes against 29, a resolution calling upon the Government to give immediate effect to the resolution passed in 1924 for introducing the necessary legislation making provision for giving retrospective effect to that resolution, and "pending such legislation to issue orders to the Revenue Authorities not to collect the assessment enhanced in revision after March 1924."

These two resolutions, specific and definite on the subject, not passed by a narrow majority of the official block nor by resorting to undue influence and official canvassing but by a large substantial majority after a full discussion and free vote, have been entirely ignored and consigned to waste paper basket; and how unfair the Government is in a controversy of this description is betrayed by the fact that whereas the last resolution of 1928, though not directly on the subject is being constantly exploited and referred to, the two previous ones which go directly against their case are not even referred to.

But as stated above, we have no desire to repeat the arguments and reasons already mentioned in the previous correspondence by our honourable colleagues from Gujarat, as the Land Revenue policy of this Government is notorious not only in this country but all over the world as the most oppressive and burdensome and one of the

main cause of extreme poverty, misery and hardships of the vast masses of agricultural population in India. Comparisons of figures showing the percentage of assessment in this country with other civilised countries in the world including Great Britain are self evident proofs that cannot be controverted by any arguments. But our resignations are intended more as an emphatic protest against the ruthless, oppressive and barbarous policy of repression that is deliberately started in the unfortunate Taluka of Bardoli with the object of striking terror in the minds of the illiterate inhabitants so that it may serve as a deterrent example to other Talukas.

What appears to us as most amazing apathy on the part of the Government, that in spite of the universal wave of indignation from all parts of the Presidency, and though various sections representing different political schools of thought, are almost unanimous in their protests and condemnation, still the Government have not deemed it necessary to descend from its Olympic heights of Mahableshwar and no responsible member of Government has yet been deputed to enquire into these serious allegations, but absolutely relying upon the reports of the subordinate officers on the spot, the Government in a most complacent and callous manner have issued an impudent and irresponsible press communique refuting these grave charges and allegations as false and groundless.

It is deplorable that when the head of the administration and his satellites and satraps find ample time to devote to pleasant and joyous occasions and functions, attend calls from petty States and Rajahs for that purpose, none of the seven responsible heads have yet found time or shown any inclination to visit this God-forsaken and terror-stricken Taluka to make personal enquiries and satisfy themselves before issuing irresponsible press communiques.

While the Government rely for the refutation of the allegations on the reports of the interested subordinate officers, some of the undersigned can speak on the subject with personal experience after having visited several villages and made personal investigations. We wish to record personal impressions that we gained by our visit to the said Taluka, and challenge the Government after making impartial and independent enquiries to refute the statements and charges that we hereby specifically state.

First and foremost we will deal with the facts which cannot be denied by the Government and which by themselves constitute grave scandals in public administration, namely the removal from that Taluka of the existing staff of officers and imposing another, adjustments being made on communal lines, so that in a Taluka predominantly inhabited by Hindu residents a Mahomedan officer or magistrate is imported, thus attempting to create communal friction, at the same time causing a grave reflection upon the officers removed.

Further, as admitted by the Government, employment of 40 Pathans from Bombay apparently with the object of carrying on "japtis" but really with a view to strike

terror in the minds of the inhabitants, is another grave administrative scandal. The employment of this particular class by itself constitutes a grave charge and indictment against the Government, as it is a known fact that this very class of inhabitants was considered by the Government itself as undesirable, and on the suggestion of the Commissioner of Police in Bombay, several orders for deportation of this class of inhabitants of Bombay were issued on the representations of various institutes in the city, and to-day the same Government has come forward to issue a certificate to that very class that was considered dangerous for the safety and security of the inhabitants of even a well protected and crowded city like Bombay. If the position of the Government has become so desperate that it is not possible for them to carry on the administration of this Taluka and to effect 'juptis' without the aid of these Pathans, it would have been far more honourable on their part to have admitted their moral defeat and conceded the reasonable and just demands of the people rather than to resort to such undignified and disreputable methods.

That the officers deputed specifically for a particular purpose in that Taluka, go beyond the limit and with the sole object of showing a good record, carry on a lawless regime regardless of the existing laws or of public protests because they are conscious of the fact that their superiors are with them and therefore they could safely disregard all other considerations. There have been instances where legitimate bounds of law have been transgressed, attachments levied, properties forfeited, seizures made regardless of the provisions of the Land Revenue Code or any other legislative measures. Immoveable properties are seized without making any enquiries about the ownership or whether they belong to a "khatedar" or not; properties of much larger values are taken away for smaller dues without any *panchanama* and without making a list, sometimes effecting entries by violence, and in one or two instances even force was used against helpless women. From personal enquiries, we were also satisfied that with a view to suppress the movement and in order to cripple the hands of the leaders, false prosecutions were launched against workers and volunteers and inhuman and barbarous sentences of long terms of rigorous imprisonment were passed against absolutely innocent workers on ridiculous and absurd charges of obstructing public servants, etc., charges which no public servant would venture to lay before any tribunal, simply because on account of the creed of non-co-operation and their willingness to suffer, these unfortunate innocent victims do not put forward any defence and contest the charges.

There were several instances where liquor shopkeepers had paid their dues to the Excise Department expressly for the purpose of supply of liquor to the shop, when such dues were illegally misappropriated by the Excise Department, colluding with the Revenue Department, and transferring the amount and appropriating it towards the land revenue dues, a fresh demand was made for the Excise dues, before supply could be made. Thus, several shops were closed for want of a supply, although amounts had been already paid and received by the Excise Department for that supply.

During our visit, we witnessed several demonstrations of armed police and Pathans, simply with a view to create an impression and terrorise the people.

It is impossible to narrate all the tragic instances that were witnessed by us there and we find it difficult to describe the situation prevailing in the unfortunate villages. These villages presented an appearance of deserted and haunted places, with not a living soul or animal to be found from one end of the village to the other, all of them being rigidly imprisoned in their own homes with a view to avoid the cruel raids of "Japti" officers. Indeed, the villages presented a most pathetic sight that would move a stony heart, and after all when we consider the situation dispassionately, the only fault and the only crime of these unfortunate villagers seemed to be that they made a demand for an independent and impartial enquiry into these settlements.

Is it conceivable that any Government could refuse such a legitimate and modest demand for a mere enquiry, as it is the elementary right of a citizen to make such demand and it is the primary duty of the Government to concede it? Instead of conceding such a modest and just demand, some responsible officers of the Government indulged in insolent and insulting remarks by describing such venerable and trusted leaders as Shriyut Vallabhbai Patel, Abbas Tyebji, Darbar Gopaldas, Dr. Sumant Mehta and that band of gallant patriotic workers as "swarm of agitators who are living on them (people of Bardoli) and misguiding them," and the Government apparently encourage such insolence on the part of its officers by not taking any action against them but on the contrary issuing similar impertinent Press communiques supporting their action.

It is the height of impudence for an officer who draws his fat salary and emoluments practically from the land revenue thus extorted from the unfortunate peasants of Bardoli and other Talukas in Gujarat, to make such a preposterous suggestion that these trusted and patriotic leaders, who have sacrificed their all for the peoples' cause are living on the peasants of Bardoli, and it is deplorable that the Government with five Indian members—two from Gujarat—have not thought it fit to curb this impudence by taking disciplinary action against the arrogant officer, thus showing that so far as the present administration of Bardoli is concerned, the Government have temporarily abdicated their position and authority in favour of the administrators on the spot. If the Government have any regard for decency in public controversy and have any self-respect, it will compel the said officer at least to withdraw such personal, insolent and uncalled for remarks.

It is a sad commentary on the British administration in that district that several old British subject-residents of that Taluka are quitting and vacating their villages with their properties to seek safety and protection in the neighbouring villages within the territory of the Gaekwad of Baroda; such is the security and safety for British subjects in the present administration.

Before closing, we wish to emphasize once again that we are prepared to prove every statement regarding the ruthless repression referred to above, and we once again challenge the Government to appoint an independent tribunal and afford us an opportunity of substantiating the above charges.

Under the above circumstances, we feel it our duty to record this emphatic protest, both against the unjust policy of land revenue assessment and the ruthless policy of repression, and to tender our resignations.

Madon House,  
Hughes Road, Bombay.  
2nd, June 1928.

We have the honour to be,  
Your Excellency's most obedient servants,  
K. F. NARIMAN,  
NARAYANDAS ANANDJEE BECHAR,  
BALUBHAI T. DESAI.

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## APPENDIX VII.

Mr. K. M. Munshi's Correspondence with H. E. the Governor.

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Mr. K. M. Munshi, Member of the Bombay Legislative Council handed to the Associated Press the following correspondence between himself and H. E. the Governor, on the subject of Bardoli:—

PANCHGANI, MAY 27TH, 1928.

DEAR SIR LESLIE,

I write this letter with reference to Bardoli affairs with great reluctance, as personal appeals are very often considered out of place in matters which have assumed the proportions of a political controversy. But I feel that I would be failing in my duty if I did not indicate the unwholesome aspect which matters there appear to be assuming.

I did not accompany some of the members of the Legislative Council who waited upon you in this connection at Mahableshwar, as I considered that with non-co-operators threatening non-payment of taxes it was not for constitutionalists sympathising with such a movement to bring pressure on Your Excellency to accede to wishes backed by it. In my humble opinion, however, the demand for an impartial inquiry was neither excessive nor unreasonable, and concession in this behalf even now would be proper and dignified, and, if I may venture to add, a highly judicious act on the part of Government and in full accord with the sympathetic traditions of your regime.

I address this letter to Your Excellency as the issue in Bardoli is altering its aspect. Whether the wishes of the Bardoli ryots for an independent re-inquiry should be granted is one issue; whether the rights of Government are to be enforced at all costs against a peaceful agitation in respect of what they consider a legitimate administrative grievance is another. The line between the strictness of law and the determined rigour of a vindictive assertion of rights is thin; and, as Your Excellency would agree, at all times difficult to be maintained when one of the parties, as in the case of Government, has the power to enforce. And I would expect Your Excellency's Government to do its utmost to maintain this line. The employment of Pathans, Special Magistrates, the communal aspect which the payment of dues is made to assume, the tales of molestation which are reported, do look as if the officials are likely, may be unwillingly, to ignore this line, even if they have not done so uptil now—an action which I am sure, must be farthest from your Excellency's intentions in the matter. Hence it is, that I wish to appeal to Your Excellency's statesmanship to take early measures to see that one issue may not be converted into another.

Hoping to be excused for the trouble,

I beg to remain,  
Your Excellency's most obedient servant,  
K. M. MUNSHI.



The following is the letter from His Excellency the Governor, dated May 29, 1928, Government House, Mahabaleshwar:—

MY DEAR MR. MUNSHI,

I received your letter of the 27th instant yesterday, through Mr. Ker, and am glad you wrote to me on the Bardoli question, which is much misunderstood from every aspect.

I understand from your letter—for you definitely say so—that those who believe in constitutional Government should take no part in a movement which threatens non-payment of taxes. I regret to say that there is no doubt, in my mind, that, in the case of Bardoli, a definite attempt is being made to coerce Government by the use of the weapon of civil disobedience and you can hardly be surprised if Government feels bound to take up such a challenge thrown down, although it is very deeply to be regretted that this means action which spells grave hardships for the unfortunate agriculturists in the Taluka—but that is due to no fault of Government.

A study of the facts and figures of the re-assessment must convince any fair-minded man that Government has acted more than reasonably and very generously, in the question of re-assessment and I can assure you that had I any doubts as to the justice of the figures, I should not hesitate to say so. Every opportunity has been given, as in all cases of re-assessment of land values, to those who took objection to them to bring forward their cases, and all cases have been very carefully considered.

There has been no vindictive assertion of rights on our part. A great deal of untruth has been stated and written about the Pathans (of whom only about 40 are employed in the whole of the Bardoli Taluka) whom you mention. If those who are preaching and practising civil disobedience had allowed the Khetids and others to do their proper work, it would not have been necessary to have brought anyone in from outside; but they have not been so allowed, and have been terrorized into refusal to carry out their duties. The tales of molestation to which you allude are hopelessly exaggerated, and, in fact, it is impossible, without an inner knowledge of what is going on, for anyone to properly appreciate the situation.

I think you know me well enough to realise that if I thought that Government were in the wrong, or were acting harshly in any way, I would personally interfere at once. My Government and I are fully acquainted with every aspect of the case, both from the Government point of view and from the point of view of those who are advising and organising this civil disobedience. I also am fully aware of all the details of the question of re-assessment.

There is, however, a very large question involved in the action taken by those who have advised and are advising the unfortunate victims of this campaign, and as a constitutionalist, I am sure you will support Government—which is unanimous in the action it is taking, consistent with a just assertion of its rights—to carry out its undoubted duty of upholding the authority of Government as against those who apparently claim that they can, with impunity, defy that authority. If you are not satisfied at any time that Government is, in no way, acting vindictively or unfairly, I should be prepared to arrange for you a meeting with the Secretary, Revenue Department, who would gladly explain any question.

With regard to your remarks about an impartial enquiry, I am convinced myself that no further enquiry could elicit any further facts; and I may point out that an almost impossible position will be reached if, after the fullest enquiry, after the objections to any re-assessment have been received, and after these have all been carefully considered, another enquiry in every case of the re-assessment is to be undertaken. In addition to the consideration given to the Bardoli case mentioned in para 3 above, it is a fact, however, that a further enquiry has been made, for it so happened that Mr. Rieu, the Revenue Member, went on leave, and Mr. Hatch a very experienced Revenue Officer, took his place. Mr. Hatch has gone through all the papers with an entirely independent mind, and has come definitely to the conclusion, leaving aside rental values altogether (a basis to which objection has been taken) that the increase of assessment proposed by Government is very low, and that Government is more than justified, by the figures of prices, sales, etc., in increasing the assessment as it has done, and that, if any further enquiry were to be made, such enquiry would result in raising the assessment instead of lowering it. I can assure you that there is not one member of Government who is not fully satisfied as to the justice of Government's action—and, in fact, I should really use the word generosity.

The people in Bardoli know themselves that Government have been generous, and they want to pay. They are now paying quietly, but dare not let it be known—for fear of persecution. Many people are coming forward to buy the forfeited lands, and they would not do so if the assessment were so high as is made out.

I have written fully, as I want you to understand the situation.

Yours sincerely,

Sd, LESLIE WILSON.

The following is Mr. Munshi's reply :—

111, ESPLANADE ROAD, FORT,  
BOMBAY, 1ST JUNE 1928.

MY DEAR SIR LESLIE,

I am much obliged to you for your detailed reply as well as the courtesy which underlies it. The events which are happening in connection with Bardoli and the public feeling with which I came into contact after coming to Bombay, induce me once more to supplement the submissions which I made in my previous letter. I do it in the hope, that the views of those who do not believe in complete estrangement between the people and Government may not be unwelcome to you.

I must confess to a keen sense of disappointment at the decision "to see through" which judging from Your Excellency's letter and the note published in yesterday's papers, Government appear to have arrived at. It may be that the situation is not due to any fault of the Government. But, after all, that is not everything. This decision will result either in the elimination of the existing agriculturists in Bardoli or in bloodshed; and in either case will result if in nothing else, in deep and lasting embitterment. And I cannot help feeling, that this result will be too disproportionate to the issue, viz., the demand for a re-inquiry. Even admitting, what Your Excellency is pleased to state, that the re-assessment has been generous, an opportunity of allowing it to be recognised as just should not have been denied.

I note Your Excellency's observation as regards the inquiry having been made as it happens by Mr. Hatch in the absence of Mr. Rieu; but that gives me greater confidence to urge it upon Your Excellency that if the results of this independent inquiry have been as Your Excellency says they are, then Government could not possibly have anything to lose by conceding the demand for an independent inquiry. At the same time I need hardly impress upon Your Excellency the moral effect which such a concession will produce upon the people in general.

I deeply deplore that when a little gesture of solicitude will perhaps end the matter, the Government have for the time being decided not to obtain anything, but an unconditional surrender from the Bardoli people, and thus, at the instance of those for whom the penalties of Government have no dread, compel the weakest taluka in Gujarat to learn the lessons of civil disobedience. Some of us in the Council who were making attempts to bring about a sympathetic understanding between Government and the party of progressive politicians in the Council regret this situation most, as their efforts will be seriously handicapped.

As regards the other issue which I consider graver, permit me respectfully to urge that no Indian constitutionalist however determined, can look with equanimity when for the enforcement of ordinary "Japti" claims, Government employs foreign

mercenaries, who in our parts of the country have been more often than not associated with lawless activities. May I draw Your Excellency's attention to the fearful implications logically involved in this act, viz.,

- (a) That the Government with its vast resources cannot get decent Indians to work out its policy in this matter ; and
- (b) That the Government even in a small revenue matter like this is prepared to resort to such an unusual agency to carry out its policy ?

These implications have a tendency to alter, as I have already submitted, the very nature of the controversy and I am afraid will exasperate public feeling so as to make it difficult for any Indian—entitled to any respect in public life—so much as to keep an open mind in the matter.

I trust Your Excellency will excuse me the length and the freedom with which I have indulged in the privilege of expressing my points of view, and appreciate the motive which has compelled me to trespass upon your valuable time.

Yours sincerely,

Sd. . K. M. MUNSHI.

(4)

#### H. E.'s. Second Letter to Mr. Munshi.

H. E. Sir Leslie Wilson replied from Mahableshwar on 5th June to Mr. K. M. Munshi, M.L.C., as follows :—

DEAR MR. MUNSHI,

I have received your letter of the 1st June yesterday about Bardoli, and I am afraid that you evidently do not realise the position of the Government. I am very worried about this question, particularly about the position of the agriculturists, who, I know well, would all pay up the assessment, as many are now doing, if they are allowed to.

Government have pursued, in the case of Bardoli, exactly the same procedure as in every other re-assessment. There have been many re-assessments put in force since I have been here, and I ask myself why has Bardoli been picked out for this effort in civil disobedience—for the present proceedings up there are nothing less. Why not Chorasi for instance, in the same area, where the re-assessment was made at the same time, and is even higher than that of Bardoli ?

Why should the Government give up its undoubted right of administration to, as you suggest, the decision of some independent committee ? I am anxious to meet the situation in every way that is possible but no Government can concede the

right of private individuals to usurp the functions of the Government, and no Government would be worth the name of Government which allowed such a thing to happen.

This is not a question of a "little gesture of solicitude" but a question on which a matter of most important principle is involved and surely you must see this. We are asking for no unconditional surrender. We are only asking for the people of one Taluka of the Presidency to obey the ordinary laws. If, when they have done so, they wanted further satisfaction than that which we have already tried to give them that there has been no injustice, I can see little difficulty in giving them that satisfaction. There has never been any case of re-assessment of land values similar to this before, where so much consideration and re-consideration has been given to the re-assessment, and so many arguments listened to, and so much done to meet any reasonable objections. Nor has there ever been a case in which objection to paying increased assessment—which objection naturally is felt by anyone who has to pay higher taxation in any form—has given rise to such steps against Government as have been taken in Bardoli.

I am most anxious to take any step possible to Government to bring this present state of affairs to an end, for I am particularly anxious that no further hardships shall fall on the agriculturists themselves.

Government has kept most strictly to all legal methods. A great deal of misunderstanding has arisen about the Pathans, of whom only 25 are employed—and those under the strict superintendence of Government officials. "Their conduct has been excellent," I am informed, in every way; and they were only so employed—being supplied for the work which they have been doing from Bombay—because the local Vethias were not allowed to do their ordinary tasks. However, to remove any misunderstanding, these Pathans are now being removed, and Indians employed to do the work which they have been doing.

I hope you will appreciate Government's position, and I feel confident that if you do, you will keep an open mind on this matter; and if you do this, I feel sure also that you will do anything you can to assist Government in a difficult position—which is due to no fault of theirs.

I might, incidentally, mention (but this is a minor point) that it is not necessarily a fact that all Pathans are non-Indians. I would also add to the fourth paragraph above that, of course, if, on re-examination of the assessment after the taxes had been paid, it were found that any mistakes had been made which resulted in unfairness to the cultivators, remissions would be made, as has been done previously in one case which recurs to my memory.

Should you desire to use this letter, or any former letter, in any way, you are perfectly at liberty to do so. Much misunderstanding has been created in this case. All my colleagues and I are only anxious for a settlement, and to avoid any suffering for the cultivators. I have written a long letter to the President of the Indian Merchants' Chamber, which explains all the steps which we took to endeavour to satisfy all the objections raised, and it may interest you to see a copy of that letter, which I attach.

Government is willing to consider any reasonable suggestions, as you will, I trust, have gathered from this letter.

Yours sincerely,  
Sd. LESLIE WILSON.

(5)

Mr. K. M. Munshi wrote to H. E. the Governor on the 11th June as follows:--

MY DEAR SIR LESLIE,

With reference to your letter of the 5th June 1928, after my explaining personally to you the situation as it struck me, I need not do anything except again pressing upon Your Excellency the immediate need of a settlement. Even if it is true that the Bardoli leaders are not in a mood to negotiate, the Government owes a duty to the Bardoli people.

I can only repeat my fear that unless an impartial inquiry and a suspension of repressive measures are ordered at the earliest possible opportunity, the situation will be seriously aggravated.

Hoping to be excused for the trouble,

Yours sincerely,  
Sd. K. M. MUNSHI.

(6)

Mr. K. M. Munshi's Letter of Resignation.

111, ESPLANADE ROAD, FORT,  
BOMBAY, 17TH JUNE 1928.

MY DEAR SIR LESLIE,

I am addressing this letter as a matter of painful duty, because I had always thought that Your Excellency's intervention in the Bardoli matters which some of us were seeking would result in satisfactorily relieving the situation there. As Your Excellency knows I would be the last to assist any movement which threatens the existence of constitutional Government; but in my humble opinion no Government in its fight even against Civil Disobedience is entitled to refuse to redress the legitimate grie-

vances of the people ; to ignore the hardships which innocent victims of the fight have to undergo ; to adopt against them harsh and unjustifiable methods ; or to assume a vindictive attitude. If it does so, a constitutionalist, however determined he may be, is bound to be driven to the sad necessity of adopting an emphatic mode of expressing his protest.

2. In the matter of Bardoli assessment, from the commencement all that the Gujarat members of the Council wanted was an independent official re-inquiry. A request for re-inquiry is by far the mildest form of demand, which the mildest of men can formulate and the least mild of Governments can easily grant. In a case where, as in the case of Bardoli, a report is based on figures which are obviously inaccurate, the most autocratic Government would have been expected to meet this demand as a matter of course. The refusal of this demand has been the cause of this unfortunate trouble.

3. It may be that the revised assessment may in the end be proved not to be unfair. But even if the assessment has been proper, the fact remains that Your Excellency's Government has adopted an attitude not consonant with any responsible form of civilised Government. They have declined a re-inquiry though pressed upon by every person concerned ; satisfied with their own self-conscious generosity, they have refused themselves an opportunity of allowing their own decision to be recognised as just ; and rather than yield pursued a course which will end in the elimination of the existing agriculturists in Bardoli or in bloodshed and certainly in widespread disaffection and misery. That such a small issue, viz. the demand for re-inquiry should be permitted to have such a disproportionate result is to say the least only possible in the case of a people so helpless and of a Government so powerful as in India.

4. From personal investigation I am satisfied that those who are leading the movement in Bardoli are scrupulously averse to importing any political significance into their activities—and unless Government drives them to do so. In this case, so far not even the staunchest non-co-operator has demanded anything but an independent inquiry with an opportunity to the people of the Taluka to test Government figures and submit their own. The demand is for being allowed to co-operate in such an inquiry and cannot be considered as anything anti-Government or pro-non-co-operation. But in this case Government appears to me to be desirous only to crush the non-co-operators who are organising the spirit of protest in Bardoli and do not care whether in such a process a few thousand families are crushed out of existence. It is time that Government came to recognise that as an extreme measure of protest Civil Disobedience—which panic-mongers describe as a seditious movement—has come to stay in the public life of India ; that some of the leaders of the movement—however undesirable they may be considered—are the best brains and the noblest souls in this country ; and that neither fear nor favour is likely to swerve them from their self-laid path of duty. Under these circumstances it would be wise for Government that they should attempt to inspire people with a confidence in their sense of justice rather than

attempt to overawe them by a show or exercise of coercive might. The cheap sneers of lofty bureaucrats, the extraordinarily severe sentences for technical offences, the thunders of arrogant proclamations and the official sabre-rattling have ceased to excite anything but ridicule and it is really regrettable that Government of this Presidency which knew better in the highest days of non-co-operation should have permitted itself these obsolete methods, which are not likely to bring credit to Government nor to inspire feelings of loyalty in the people.

5. As I already wrote to Your Excellency, at the instance of those for whom the penalties of Government have no dread, your Government is compelling the weakest taluka in Gujarat to learn the lessons of Civil Disobedience. Official reports have prevented Your Excellency and I am afraid Your Excellency's Government from clearly realising the situation there. In a large taluka like Bardoli, with 130 villages and 1,26,000 acres of arable land, 69 out of 90 Patels and 11 out of 35 Talatis have resigned. There 80,000 men, women and children are inspired by a determined spirit of organized opposition. Your "Japti" officer has to travel miles before he can get a shave. Your officer's car which got stuck would have remained in the mud but for Mr. Vallabhbhai the officially styled agitator living on Bardoli. Garda to whom lands worth thousands have been sold for a nominal amount does not get even a scavenger for his house. The Collector gets no conveyance on the railway station unless one is given by Mr. Vallabhbhai's sanction. In the few villages which I visited, not a man, or woman, was either sorry for the attitude or shaken in the faith which he or she had adopted. And as Mr. Vallabhbhai passed through village after village I saw men, women and children coming out with spontaneous homage; I saw illiterate women, old and young, in their tatters painting his forehead with the mark of victory, laying at his feet, for their sacred cause their hard-earned rupee or two; singing in their rustic accents songs of the "misdeeds of the hapless Government." And I had to confess to myself that the official reports of an artificial agitation forced on unwilling people are to put it very mildly grossly inaccurate. Men laugh at your Government's attempts at terrorisation. They have borne well, and are prepared to brave more. The most polite form in which they refer to Mr. Smart is 'a tiger with a voracious appetite for buffaloes'; and the 'Japti' officer as a 'Chhota Commissioner'. I dare not put on paper the most modest phrase which they reserve for that enterprising and ambitious Mr. Almaula who I wish even in the interests of Government would be as sober as he is zealous. I am writing this in the hope that personal experiences of men like myself may at least awaken in Your Excellency and the members of your Government a desire to make personal investigations. Spirit such as this it would be unwise even for the British Government to attempt to deride or to crush. You may reduce 80,000 such determined men, women and children to starvation; you may if you like shoot them; but in these parts the prestige of Government for which so much is being said and done does not exist. Prestige is not a thing which could be commanded but has always to be deserved and earned.



6. But the issue in Bardoli has in my opinion changed. The issue is no longer merely whether an independent re-inquiry should be granted but whether the officials should be allowed to pursue their policy of vindictive enforcement of revenue claims at all costs. The 'Japti' claims are more in the nature of civil rights, and one would have expected that the process of enforcing them would proceed with the dignity and the conscientiousness of judicial executions. But I regret to have to say that Mr. Smart or whichever official was responsible for it, has taken upon himself the role of a vindictive victory determined to spread the greatest measure of woe, and has only been prevented from carrying out his wishes by a stubborn and organised, but in view of the provocations given, highly self-controlled resistance offered by the people.

7. For a total assessment of about Rs. 700/- one Veerchand has had lands of the value of between 30,000/- to 40,000/- forfeited. Another lot of 33 acres—any day worth about Rs. 15,000/-, if not more,—belonging to another, was sold for Rs. 161/-. As if this was not enough his cooking utensils were attached for Rs. 65/-, his pair of horses was sold for a nominal sum to a Khandesh Mahomedan and his nephew is being criminally prosecuted for an alleged false declaration. Cotton worth Rs. 250/- was sold for Rs. 21/-. For failure to pay Rs. 360/-, Dorabji had liquor worth about Rs. 2,000/- attached and his shop closed. Further attachment followed. Considerable part of the liquor was spilt and lost to the owner, the balance sold for an insignificant amount. And yet out of Rs. 316/-, Rs. 114/8/6 were still shown as the balance and his lands said to be worth Rs. 30,000/- are forfeited to satisfy this balance. Cotton purchased and paid for by a ginning factory is forfeited and its sale is threatened on account of the agriculturists who have already been paid off by the factory. These are but a few instances which I could look into for myself. Innumerable instances of this kind I am prepared to prove before any tribunal.

8. But this was not enough. Any forfeiture of lands however valuable was considered insufficient to overawe the people and a campaign was inaugurated against buffaloes, a campaign which has earned for Mr. Smart the derisive epithet of a "Buffalo-Tiger." The Japti officers' fascination for buffaloes appears to have been extraordinary. Buffaloes were attached without any inquiry as to their owners. Some times buffaloes of non-khatedars were attached, and restored only on a payment for detention! Buffaloes belonging to the subjects of Baroda State were attached. A buffalo in the thana died for want of care. Another was cruelly beaten to a state of collapse. Many of the attachments, I heard, were irregular. Very often proper *panchnamas* were not made. No accounts of the property attached have been rendered. Attachments have been levied on exempted articles. I pass over numerous cases of attachments of all sorts of articles, which were sold for a ridiculously low price.

9. And in order to carry out attachments of buffaloes with due solemnity and terror, the ingenious device of calling in the Pathans was adopted. Thanks to your Excellency they are gone now. But that any Government enforcing civil claims should do it with the assistance of a class notorious for its lawless activity is a thing unheard

of. Did any one in Government, consider the moral effect of a Japti officer standing before a closed house and asking the Pathan to jump over the hedge or to scale a wall, with instructions to forcibly open the door if it was not open, or to forcibly take possession of any article in the house? The implications as I stated before in my letter to Your Excellency in the employment of Pathans were clear; viz., (a) that the Government with its vast resources cannot get decent Indians to work out its policy in this matter, and (b) that Government in a small Revenue matter like this is prepared to resort to such an unusual agency to carry out its policy. The Pathan terrorism did not succeed in its objective and the Government got all the discredit for having employed them. And what has been the outcome of these methods?

10. There are 17,000 khatedars concerned in this matter. They and their families go to make about 40,000 souls. They between them, have at least about 40,000 buffaloes which are loved by their owners with an affection the strength of which can only be appreciated by a born agriculturist. In order to save their beloved cattle 40,000 men, women and children with these cattle have locked themselves up in small and insanitary houses for over three months. As I passed through villages silent, empty and deserted with sentinals posted at different ends; as I saw women peeping through the barred windows to see whether it was the arrival of the "Japti" officer; as on being reassured and the doors being opened I was taken inside; as I saw the darkness, the stench, the filth; and the men, women and children who had herded for months in the same room with their beloved cattle, miserable, ulcerated, grown whitish by disease; and as I heard their determination to remain in that condition for months rather than abandon their cattle to the tender mercies of the Japti officer, I could not help thinkin that the imagination which conceived the dire 'Japti' methods, the severity which had enforced them and the policy which had sanctioned them, were difficult to be found outside the pages of a history of mediaeval times.

11. I grieve to say that I learnt the working of the administration of Criminal Law in these parts with a heavy heart. That the machinery of Criminal Law should have been brought in to assist in the 'Japti' campaign is an extraordinary feature. 19 men have so far been given varying sentences most of which to a man accustomed to the ordinary administration of Criminal Law, will appear frightful. As for the evidence on which these sentences are based, the less said the better. A boy was sitting under a tree on a public road at a distance from the compound of the bungalow where the Collector had temporarily put up. The bungalow itself is so far away from the spot that the boy could not see what was passing inside the bungalow, and yet for the high crime and misdemeanour of sitting opposite a public officer's compound to watch the persons who were going in and out, three boys were sentenced each to two months' simple imprisonment or in lieu thereof 50 rupees fine. Though one of the boys is in jail, within a few days, a buffalo, a calf and a cart belonging to the father of the boy are attached for realising the fine of Rs. 50/-! An old and respected leader of Sarbhon

forwarded a copy of the resolution passed by the villagers not to pay assessment to a Nazar who happens to be the guardian of a ward, owning land in the Taluka. I heard that notice has been issued against this man for committing an offence under section 189 of the Penal Code!

12. Sir, I never gave credence to the stories which were reported till I went on the spot myself and made inquiries personally. I have no hesitation in expressing my view that the methods adopted at Bardoli are not worthy of any Government, with any pretensions to civilisation. Apart from the issue of the assessment, these methods have raised another issue. Whether the assessment question is solved or not, it is impossible for any one with the least notion of dignity or freedom to look with indifference when methods such as these are adopted to overawe people whose only crime has been a persistent clamour for the redress of an administrative grievance. Your Excellency and apparently Your Government have with the usual confidence in the man on the spot, declined to believe these reports. With even the little materials at my disposal I am prepared to prove the facts which I set out above. And whatever may happen to the question of the Bardoli assessment, methods of this character require to be investigated and exposed. As citizens of the British Empire, Indians have with others, the right to see that even law and order are enforced in a lawful and orderly manner. I am afraid it would be too much to ask Your Excellency's Government to investigate into these methods but I and others who represent the people of this Presidency cannot look with equanimity without examining these methods. I propose to write to a few members of the Legislative Council to assist me in an examination of the methods adopted and from the little I saw, I can assure Your Excellency that the scrutiny will disclose facts which neither as a British statesman nor as a gentleman, you will be inclined either to justify or exculpate.

13. Your Excellency has been pleased to ask the assistance of constitutionalists in their fight against civil disobedience. The constitutionalists in the Legislative Council for the sake of their own principles, supported Government upto a point, but permit me to point out that Your Excellency's Government have a very slender right to their confidence. Your Excellency's Government has perfected the policy of a compartmental control of the Legislative Council; and with the assistance of the non-politically minded compartments reduced the politically minded compartments to a hopeless impotence. In all matters, as in this revenue matter, the opinion of the politically minded groups has been disregarded, their remonstrances ignored, their appeals spurned. Safe in its compartmental control of the Council, Your Government has come to believe that to out-vote popular groups is to stabilise Government. May I ask what has been the career of the controversy of the revenue assessment? The Joint Parliamentary Committee proposed that the main principles by which land revenue is determined, should be brought under the control of the Legislative Council. In 1924, the Legislative Council by a majority, resolved that new assessment should not be levied till such a legislation has been brought into effect. In 1927, the Council

again resolved not to collect the enhanced assessment pending such legislation. The Revenue Assessment Committee proposed an Advisory Committee of the Legislative Council. And yet when the Hon. Members of the Council for the Surat District, my friends Rao Bahadur Naik and Mr. Shivdasani concentrated their attack on Mr. Anderson's transparently inaccurate report, their complaints were dismissed with a lofty contempt. Their private entreaties failed. By a sheer accident we could get a few minutes to discuss Bardoli in the Budget debate and all that we got in return was the garrulous levity of the Settlement Officer, whose boasted accuracy has become the laughing stock of the Presidency. We went to vote and your Government with their usual skill in compartmental control succeeded for the time being in showing to the world that the politically minded constitutionalists in the Council did not represent the view of the Council or the Presidency. The vote so obtained has become so conveniently sacred that Government which defied the old resolutions when they represented popular opinion now cannot so much as forget it, and even Lord Winterton has learnt to swear by it. And now when the Bardoli people have tenaciously launched a campaign of civil disobedience, when they are proving that our attitude in the Council was not only right, but representative, backed by an overwhelming opinion in the Presidency, when they have exploded the hollowness of the vote which your Government manoeuvred in securing in the Council, when as a result of their activity your Government will have to grant more than what we in our wildest moments in last February dreamt of obtaining from your Government, it will be more or less than human if in this struggle, our sympathy or confidence can remain with your Government. If to-day in this struggle, no constitutionalist worth the name can stand by your Government, the policy of your Government which has considered the politically minded groups in the Council as a nuisance to be suffered and outvoted is alone responsible for it.

14. What Rao Bahadur Naik wanted in February last, what he and Rao Saheb Dadubhai demanded in May last, if given then would have been hailed with delight and made us feel that Government is ours. If what was demanded then is offered or given now, it will be rejected with scorn and contempt, to-day, by persons who have outgrown the methods which we tried; and whether your Government now concedes or coerces, it is not as a Government which are either genuinely sympathetic, or which we can by any stretch of imagination call ours.

15. Sir, I approached you on Sunday last in the earnest hope that at least the repressive measures will be suspended and an impartial inquiry ordered. My hopes do not appear to have been well-founded. I learnt at Bardoli that over 280 armed police are going to be draughted at Bardoli. Four special magistrates and Mr. Healy as a special Superintendent are henceforth to control the destinies of the Bardoli people. In view of this attitude and in view of the circumstances as I found at Bardoli I would be untrue to the position of a representative of the graduates in the Presidency, if I did not invite them to give me a mandate on the following issues: (a) Whether the

Bardoli people are entitled to an independent and open re-inquiry, (b) Whether pending such inquiry recovery of enhanced assessment should not be suspended ; and (c) Whether Government is justified in the methods it has adopted in recovering Japti claims ?

16. In pre-Morley-Minto Government, Sir Goculdas Parekh one member of the then Legislative Council could get an open inquiry into the revenue matters. In pre-Reform Government with one Indian member and with Morley-Minto Council, Kaira was dealt with sympathetically in spite of civil disobedience. In a Cabinet with five Indians and a 'responsible' Government we are helpless. The Bombay Legislative Council is a representative institution where the voice of the representatives of the majority of the people is invariably derided and overridden. Your Excellency and Earl Winterton both relied upon the vote of this Legislative Council ; and the only reply which lies in my power is to resign my seat in the Council and to appeal to my Presidency-wide constituency to indicate their verdict on these issues. It is but just that in these extraordinary circumstances, I should only represent a constituency which appreciates the woes of Bardoli with the same intensity as I do.

17. In closing, I may thankfully note the extreme courtesy and sympathy which you have always exhibited towards Bardoli as well as to those like me, who tried to represent its cause. But in a system of Government like ours, which is neither national nor personal, sympathy even of the Head of Government is as ineffective as the wishes of the people.

Yours sincerely,  
Sd. K. M. MUNSHI.

## APPENDIX VIII.

### Differences between H. E. and Mr. Vallabhbhai Patel at Surat.

#### *His Excellency's Terms.*

A. (i) Full amount of the old assessment to be paid up.

(ii) Difference to be kept as revenue deposit.

B. Present agitation ceases entirely.

C. (i) Nature of inquiry :

(a) Fair and full ;

(b) Open.

(ii) Tribunal :

(a) Independent revenue officer with reference on questions of doubtful facts open to a judicial officer ;

or

(b) Judicial officer associates throughout with a revenue officer with equal powers (sic).

(iii) Terms of reference according to the Land Revenue Laws.

D. Restoration of Forfeited lands.

E. Release of prisoners.

F. —Nil—

#### *Mr. Vallabhbhai's Terms.*

A. Full amount of the old assessment to be paid up by the khatedars.

B. Agreed.

C. (i) Judicial inquiry.

(ii) (a) a judicial officer approved by both parties.

or

(b) an open inquiry by a committee of one official and two non-officials with right to test and lead evidence, the personnel to be approved by both parties.

(iii) (a) Whether the revised settlement in the Bardoli Taluka is just and proper ;  
(b) if not, what should be the just and proper settlement ;

(c) Whether the coercive measures taken for the recovery of the assessment were just and proper. If not what compensation should be paid to the sufferers.

D. Restoration of  
(i) Forfeited lands, and

(ii) Sold lands.

E. Agreed.

F. Re-instatement of Talatis, Patels and license holders and remission of other punishments.

## APPENDIX IX.

### Mr. Vallabhbhai Patel's Reply to H. E.'s Note at Surat.

Mr. Vallabhbhai Patel issued to the press from Ahmedabad the following reply which he sent on the 20th July to the Private Secretatry to H. E. the Governor of Bombay. :—

I have given to the note which His Excellency was kind enough to send me on Wednesday night, my most anxious and careful consideration. I have conferred with my co-workers, and I regret to have to inform His Excellency that the Government offer seems to me and my colleagues wholly inadequate to meet the situation. It does not contain even the things one saw in the writings that appeared inspired by or on behalf of the Government. I am sure that His Excellency knew that it was a point of honour and a sacred pledge with the people whom I have the privilege of representing, not to deposit the increase upon the old assessment. They are willing and prepared to pay it if the findings of an accepted committee of inquiry went against them; but to ask for the deposit of the enhanced amount pending the proposed inquiry, permit me to say, betrays want of faith in the people's honesty and their leader's honour. Surely, the Government have force enough at their back to exact retribution from dishonest people and adequately punish a dishonourable leader. I fail to see any constitutional necessity for insisting upon the deposit.

Apart from this vital point, I note that the terms of reference to the proposed Inquiry Committee do not meet the Satyagrahis' case. What they contend is not merely that there are errors of calculation and fact in the settlement reports, but that (1) the Government have shown no data upon which the actual enhancement is based; (2) that the first report fails to show any real inquiry made even in accordance with the very imperfect Revenue Code, and in recommending enhancement, relies on fanciful data; and (3) that the second report adopts a basis which is not in accordance with the regulations laid down under the Code, besides being open to the objection that it is based on unreliable statistics and itself full of serious misstatements. It is true that the people of Bardoli and Valod, though they had every right, have not raised the larger and more important question of the utter one-sidedness and antiquated nature of the Revenue Code. The humble task entrusted to me by them is to help them to fight under the prescribed limits for securing justice within the terms of the Code itself. I have satisfied myself that even the terms of that very imperfect Code have not been, in many respects, complied with in fixing the enhancement. It pains me to find that there is no recognition in the note of the universally acknowledged self-restraint of the people in this matter. The terms of reference, moreover, make no mention of the inquiry requested by the people into the nature, alleged by them to be oppressive and far in excess of the requirements, of the coercive measures adopted by the Government for collecting revenue.

His Excellency is well aware that the afflicted people of Bardoli and Valod have grievous, serious, and I hold, very just complaints to make about these measures. Nor is there any mention of the usual restoration clause that accompanies every honourable compromise. If the case for inquiry is granted it should follow that

1. Satyagrahi prisoners are discharged ;
2. Lands forfeited, whether sold or not, are restored to lawful occupants ;
3. The bazar price of moveable property such as buffaloes, wines, etc., sold, it is contended, for ridiculously low prices, is paid to owners ;
4. All dismissals and other punishments inflicted during the pendency of or arising from the struggle, are remitted.

I know that this restoration is a difficult matter for the Government if the conviction has not gone home that a grievous wrong has been done to a people known to be inoffensive and most law-abiding ; and what I strive for more than anything else is the conviction on the part of the Government that these people have deserved at its hands better treatment than they have received for their self-restraint and their wholly legitimate campaign free from the slightest trace of violence or unruliness.

In view of the foregoing fundamental omissions in the Government Note, I need say nothing as to the personnel of the Inquiry Committee, for I feel that it can be satisfactorily settled. If an agreement can be reached on the fundamentals there should be no difficulty about the choice or the acceptance of the personnel. Let me, however, clear one point. I have never asked for, nor do I now ask for an unofficial inquiry in the sense that it should be unconnected with or uncontrolled by the Government. I would be satisfied with an official Inquiry Committee in the selection of whose personnel the people have adequate representation, and which should be open, impartial and, therefore, of a judicial nature, and before which they may appear by counsel, if they so choose. Whether the members, or any member of the proposed Committee, should be non-officials or not, is a point, in my opinion, easily capable of adjustment.



## APPENDIX X.

### H. E. the Governor's Ultimatum to Surat M.L.C's.

His Excellency Sir Leslie Wilson delivered the following address on the 23rd July 1928, in opening the July session of the Legislative Council at Poona :

It had not been my intention to address you on the occasion of the opening of this session of the Legislative Council. As honourable members are aware, it has been my custom to open the Budget Session each year with a speech, but, on no other occasion during the year have I, ordinarily, addressed the Council. It is true that I proposed in this, my last year, to address you again, and for the last time, before I left, and I had looked forward much on that occasion to being able to thank honourable members sincerely, as I do now, for their loyal co-operation in all the work of the Legislative Council during my five years of office, and to express the keen and real gratitude I felt that, while Government and the Council had not, as was inevitable, always agreed, yet we had set an example of a good understanding which other Provincial Councils might well envy.

Events of grave importance have, however, occurred since we last met which make it necessary for me to address you on the opening of this session. I can still, I am glad to think, rely on your co-operation with Government in matters affecting the welfare of the Presidency, but on one matter particularly, there is undoubtedly a grave difference of opinion between Government and certain members of the Legislative Council, which difference of opinion has been evidenced by the resignations of honourable members during the past few months.

It is not my intention to refer this afternoon to the work which lies before you. On many of the important questions which are coming before you for consideration, I have already spoken to this honourable House, more particularly on the desirability of this House co-operating, by means of the election of a Committee, with the Royal Commission which is to make recommendations as to the future Government of this country. I will add nothing to what I have already said on this matter, as the subject on which I desire to speak to you, and on which it is, to my mind, my obvious duty to address you, is one which has possibilities of being of even greater importance than that. I need hardly say that I refer to the present situation in the Bardoli Taluka.

It is desirable, in the first place, that I should put before honourable members a short history of what has occurred since the start of this unfortunate dispute, which has now assumed proportions entirely out of keeping with the actual cause. On the 6th of February I received a letter from Mr. Vallabhbhai Patel informing me that, if an impartial committee clothed with adequate authority was not set up to examine the whole question afresh with regard to the re-assessment, the cultivators would refuse to pay the whole of the revised assessment. He added that he had warned them that the struggle was bound to be protracted, and might cost them their holdings.

Undeterred by the consequences which must inevitably follow that action, they determined to refuse to pay any of the land revenue legally payable to Government, coming to that decision only six days after the letter to which I have alluded was received, and even before it had been possible for a reply, beyond the usual formal acknowledgement, to be sent to the letter. The letter contained technical arguments which required a considered reply from the Department concerned, which was despatched without delay. Government, thereupon, as was its duty, began to put in force the penalties under the Land Revenue Code, of which penalties the occupants of the land refusing to pay the assessed revenue had been warned by Mr. Patel.

Honourable members will remember that, at the end of the Budget Session, Government was definitely challenged on this very issue. Government accepted the challenge, and this honourable House, by a majority, approved the policy which Government had announced with regard to this question.

The next chapter in the history of this dispute opens by the visit of some honourable members of this House to Mahableshtar, when, in an interview with two of these honourable members, I informed them that I was much distressed at the attitude adopted by many of the occupants of the lands, and that I did not think that the position of Government in this matter was fully understood. I explained to these honourable gentlemen that Government had no idea whatever of doing any injustice, that, while Government was convinced, after the most careful enquiry, that the re-assessment was not only just but even generous, I agreed that mistakes might possibly have been made in individual cases, although, after most careful enquiry, I did not myself see how this was possible, and I informed them that, if any occupant or group of occupants thought that he or they were unjustly treated, Government had decided, on the representation of any case to the Collector or Commissioner, after the revised assessment had been paid, to reconsider the re-assessment, and instructions had been sent to the Commissioner to that effect. So far as I was aware, this assurance on my part fully satisfied the honourable members concerned but further correspondence ensued. When the honourable members left Mahableshtar, Government was satisfied that they appreciated and agreed with the suggestions of Government, which were that Government would be prepared to grant a fresh enquiry provided that the revised assessment was paid up. Unfortunately, there was, for some reason, a change in their attitude later.

Government went still further, at a later date in May, in order to satisfy the occupants of the lands that no injustice could fall on them, for we definitely promised, through my honourable colleague, the Minister for Education, a fresh enquiry on the same terms. I really do not see what Government could have done more.

Since that date, constant efforts have been made by myself and members of Government to bring about a settlement, and honourable members are aware of the fact that I personally visited Surat as recently as last Wednesday, in the hope that such

a settlement might ensue. No settlement was, however, achieved, and it is not possible for Government to delay any longer in making known its final decisions. Government is of opinion, and I feel sure that honourable members will agree, that any announcement on a matter of such importance as this should be made to the elected representatives of the people of the Presidency, more particularly in view of all that has happened during the past few months, and also in view of the vote taken on this question in the Budget Session. Not only is this the proper course to pursue, but it is the constitutional course, and I have endeavoured, since I have been here, to act entirely in the most constitutional manner possible. I therefore take this opportunity of putting before this honourable House the views of Government as to the present situation, and the definite and considered decisions of Government, which have been approved by the Government of India.

I say, with intention, that these decisions have been approved by the Government of India, because issues have been raised in Bardoli which have a very wide significance, and indeed it is common ground that this question has become one of all-India importance. So many speeches have been made by public men, and others, during the past few weeks on this subject, that it is not a surprising fact that some confusion of thought arises. My Government had always had it impressed upon them that the issue was a very clear one—namely, whether the re-assessment of the land-holders in the Bardoli taluka was a fair or unfair one. If, however, Government is to judge what the issue is on speeches and letters, which have been spoken and written lately, and on actions which have been and are being taken to interfere with the administration of the district, the issue might appear to be a much wider one—and, in fact, one which, in a sentence, is whether the writ of His Majesty the King-Emperor is to run in a portion of His Majesty's dominions, or whether the edict of some unofficial body of individuals is to be obeyed. That issue, if that is the issue, is one with Government is prepared to meet with all the power which Government possesses, and, by the decision of the representatives of the people of the district as to whether they accept or not the conditions which Government lay down before any enquiry can be promised, it will be clearly demonstrated what is the issue before Government and the people of this Presidency, and before the Government of India.

If the only question to be dealt with is the justice or injustice of the re-assessment, then Government is prepared to submit the whole case, after the revenue now due to Government has been paid, and the present agitation entirely ceases, to a full, open and independent enquiry as outlined in the statement which has been published. In making their proposals, Government are anxious, above all things, that the agriculturists of Bardoli taluka shall be relieved as soon as possible from the unfortunate situation in which they have become involved as the result of the campaign against the payment of land revenue, the justice of which has been disputed by some honourable members of this House. I, therefore, on behalf of my Government put before honourable members the same proposals I put before those who came to

see me at Surat as representatives of the cultivators of Bardoli Taluka. Those proposals have been published, and it is not necessary for me to restate them but I must make it quite clear that they are not proposals put forward as a basis for compromise, but the definite and final decisions of Government. They are fair proposals, and must commend themselves to the mind of any moderate man. They contain certain conditions which must be fulfilled before any fresh inquiry can be promised, and these conditions cannot be altered. I will mention one point only with regard to these proposals and that is with regard to the demand on the part of Government for the payment of the revised assessment. This is obviously a vital condition being a lawful and constitutional demand, the repudiation of which is both unlawful and unconstitutional. At Surat I was informed that the condition of the payment of the revised assessment would not be accepted and, consequently, no settlement was possible. I would, however, remind honourable members, especially those honourable members who are the elected representatives of the people living in Bardoli taluka, that it is their constitutional right to speak on behalf of, and decide in the interests of, their constituents. Those honourable members and the honourable members, of this House, must have, I am convinced, first of all in their minds the welfare of the agriculturists, and I sincerely trust that those interests will be the only ones which will actuate all honourable members in this matter. It is, of course, impossible for the present situation to continue, and a final decision must be arrived at as soon as possible. Government would therefore ask the honourable members concerned to communicate their decision as to whether or no they, on behalf of their constituents, accept or refuse the conditions which must be fulfilled before a fresh enquiry can be set up, to the Honourable the Revenue Member within fourteen days from to-day.

I cannot myself believe that, realising the consequences of a refusal—the grave hardship on the agriculturists, the bitterness of feeling which will be engendered, and the inevitable result of any conflict which must ensue between Government, and the people concerned—these proposals will be rejected. It is, however, my duty to make it perfectly clear that, if these conditions are not accepted, and consequently a settlement is not secured Government will, in order that there shall be full compliance with the law, take what action they consider desirable and necessary, and will utilise all the powers at their command to ensure that the statutory authority of Government is maintained in every way. Neither the Government of Bombay, nor any Government could tolerate a position in which private individuals attempt to put themselves above the law, or take part in organisations which have the effect of inducing others to do so. To permit that is the very negation of Government, and it is not conceivable—whatever may be the consequences—that any Government, worthy of the name of Government, in any country, would not take every step in its power to prevent, or to put a stop to, any such action.

I have not made these remarks so that they might be considered in any way as a threat. Nothing is further from my mind. They are merely a statement of

fact, but it was my obvious duty both to this honourable House and to the people of Bardoli Taluka to make them, so that the position of Government cannot again be misinterpreted or misunderstood.

Indeed, there is no honourable member who will deny that there is a campaign of civil disobedience in Bardoli taluka at the present time, and it is perhaps unnecessary for me to remind honourable members that civil disobedience is an act of lawlessness—however convinced those who are participators in that act may be that their case is just, and lawlessness is none the less lawlessness because it may be fostered or encouraged by persons holding strong convictions, or because its practice may evoke from some men and women qualities worthy of a better cause. Moreover, it would be well that public opinion should clearly realise the inevitable consequences of disregard for law upon the structure of any political society. Once men can convince themselves that it is proper to set at nought the legally constituted executive authority whose duty it is to administer, then it is but a short step to challenge the title of the legislative body whose function it is to make the law, or to impugn the impartiality of the judiciary by whom the law is interpreted. Thus, respect for law is fundamental in every sphere of social life, and to seek to supersede it by the private will of any citizen or body of citizens is to head straight for anarchy.

I have now one personal remark to make. I have taken on myself to address the House on this question, which I could have left to the Honourable the Revenue Member, because I thought it my duty to do so, as Head of the Administration. In the four and a half years and more during which I have been here, I have endeavoured to associate myself intimately with the desires and aspirations of the peoples of this Presidency, and to assist, so far as I could, in their troubles, as in the case of the floods in Gujarat where all this difficulty now happens to be. In the first speech I made to this House I said that, so long as the opinions of the people were expressed to my Government in a constitutional manner, so long would they be received with every sympathy and consideration. I am justified in saying that such opinions have been so received, and I hope and believe that they have, on all occasions, received every consideration. It is indeed a very sad thought for me to think that, at the end of my term of office, my Government is faced with a situation, such as now confronts us, when unconstitutional methods such as civil disobedience are being supported by a section of the people, and particularly when Government has never, I am prepared to assert, been unwilling to meet the reasonable wishes of the members of this House, constitutionally expressed. I know you will believe me when I say that I am a friend of India, and particularly of this Presidency where I have received nothing but kindness and courtesy during my time, and that I look forward to the progress and prosperity of India in general, and Bombay Presidency in particular, with every hope, and with a feeling of certainty that nothing can mar that progress, political and economic, except some action which, while it may be born only of a demand of the moment, supported by a

certain amount of public sympathy, still may leave wounds behind, which it would take many years to heal—and, until they were fully healed, that progress to which I have alluded would be hindered, if it did not cease altogether.

I would, therefore, as one who is, I hope, entitled to call himself your friend, urge with all the emphasis in my power that you should consider not the minor questions involved in this trouble, but the major ones, and that you should endeavour to put yourselves in the position of Government, for, if you do that, you must come to the decision that Government has met the cultivators of Bardoli fairly, even as I have tried in my time here to meet out to all, whatever their class, creed or race, justice tempered with humanity.

I have no more to say. I ask you not to take any hasty decisions, but to think well over all the grave issues involved, and what I have said; and if you do, I have no doubt myself but that the sound common sense which has always been the guiding star of Bombay will again, as it has done in the past, lead you to a decision which will put an end to a situation fraught with grave possibilities—how grave no one to-day can foretell. You have often taken my advice in the past and I have much gratitude to you for doing so. I ask you to do so now on what I fully realise is the most important issue on which I have ever spoken to you.

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## APPENDIX XI.

### Bombay M.L.C's Reply to H. E.'s Ultimatum.

The following Manifesto prepared by the Coalition Nationalist Party and signed by about 50 members of the Council including some Non-Brahmin and Mahomedan members was published on the 25th July in reply to His Excellency's ultimatum :—

We deeply deplore the attitude adopted by H. E. the Governor in his opening address to the Council, and regret he should have utilized his constitutional privilege on such a formal occasion for introducing matters which are highly controversial between the Executive on the one hand and the public and a large majority of the elected representatives of the House on the other, and for delivering an ultimatum instead of taking them into his confidence or inviting their co-operation in the solution of the difficulty created by the impasse between the Executive and the people of the Bardoli Taluka. We further regret that His Excellency should at this stage have attempted to fasten the responsibility arising out of such an ultimatum on the elected members of the Council, particularly the members from the Surat District, whose earlier attempts at securing a settlement were unheeded.

The opinion of the majority of the elected members on the issues involved in the Bardoli dispute expressed on several occasions in the House, was equally ignored.

We emphatically protest against the attempts made in His Excellency's address to treat as lawless activity a peaceful and constitutional movement like the Bardoli satyagraha, which merely consists in a submission to the penalties provided by the law as a consequence of non-payment of the disputed enhancement of revenue. Now that the desirability of a re-inquiry has been recognised, it is obviously unjust that the movement should have been construed as a disregard for law.

Under these circumstances, we strongly protest against the threats of drastic repressive measures against the peaceful attempts to secure a revenue re-inquiry, which is essentially an economic issue.

In the discharge of our duty as elected members of the Council sharing responsibility for the peaceful administration of the country, we deem it proper and constitutional to state that if there is any precipitation of a conflict between the Executive and the people, the responsibility for its consequences will lie entirely with the Executive, who have hitherto ignored the wishes of the people as expressed through their elected representatives. We feel it our duty as elected representatives of the people to make fresh attempts at a just and equitable settlement of the Bardoli question unless the door to further discussion continues to remain closed.

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## APPENDIX XII.

### Mr. Vallabhbhai Patel's Reply to H. E's Ultimatum.

Mr. Vallabhbhai Patel issued from Bardoli the following statement to the press on the 25th July in reply to His Excellency the Governor's ultimatum in the Council on the Bardoli question :—

I must confess that I was unprepared for the threatening deliverance of His Excellency the Governor. But threats apart, I want to remove the confusion that the speech is consciously or unconsciously intended to create. The Governor says in effect that if civil disobedience is the issue, he is prepared to meet it with all the power which Government possess. But if the only question to be dealt with is the justice or injustice of the re-assessment, then Government is prepared to submit the whole case after the revenue now due to the Government has been paid, and the present agitation ceases, to a full open and independent inquiry as outlined in the statement which has been published.

I venture to point out that civil disobedience has never been the issue. I know that there is no unanimity of opinion amongst all parties about the wisdom or legitimacy of civil disobedience. I have my own opinion which I hold strongly about it, but the Bardoli people are not fighting in order to have the right of civil disobedience vindicated. They are fighting by way of civil disobedience, or whatever name the method adopted may be given, in order to induce the Government either to waive the enhancement or if they are not convinced that the enhancement is improperly made to appoint an impartial independent inquiry to find out the truth. The only question, therefore, is that of justice or injustice of the re-assessment, and if the Government are prepared to have that question examined by a full, open and independent inquiry, they must surely accept the logical consequence of the proposition they themselves lay down, namely, not to insist upon the payment of the enhancement which is in dispute and to restore the people to the conditions they occupied before the struggle commenced.

I warn the public also about the qualifying clause that is attached to the full, open and independent inquiry, namely, "as outlined in the statement which has been published." This is a dangerous clause for what is promised in the Surat communication is not a full, open and independent inquiry, but a mockery of it. The Surat statement contemplates a very limited inquiry to be conducted by a Revenue Officer assisted by a Judicial Officer to investigate errors of calculation and this fact is a totally different thing from a full, open and independent inquiry. I hope, therefore, that undeterred by the threats contained in the Governor's deliverance, public opinion will concentrate only on the one point that I have mentioned.

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## APPENDIX XIII.

### Minimum Terms of Settlement given by Mahatma Gandhi to Mr. K. M. Munshi.

- A. Pending the inquiry old assessment to be accepted.
- B. Satyagrahis will call off the campaign simultaneously the pronouncement is made about the inquiry.
- C. An open judicial inquiry within the Terms of the Land Revenue Code by a judicial officer alone or assisted by a revenue officer with terms of reference as given below and under which the people will have a right to lead and test evidence with the help of counsel if necessary.

#### TERMS OF REFERENCE:

Firstly :

To inquire into and report upon the complaint of the people of Bardoli and Valod

- (a) That the enhancement of revenue recently made is not warranted in terms of the Revenue Code ;
- (b) That the Reports and notifications accessible to the public do not contain sufficient data warranting the enhancement and that some of the data given are wrong ; and
- (c) To find if the people's complaint is held to be justified, what enhancement or reduction, if any, there should be upon the old assessment

AND

Secondly :

To report upon the allegations made by or on behalf of the people about the coercive measures adopted by the Government in order to collect the enhanced revenue.

- D. All land to be restored.
- E. Prisoners to be released.
- F. All talatis and patels to be reinstated.
- G. Valod liquor shop-keeper to be compensated.

During the discussion, Mahatma Gandhi was pleased to give Mr. Munshi to understand that he would be willing to give up an inquiry into the coercive measures if that alone stood in the way of the settlement.

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## APPENDIX XIV

The Letters exchanged between the Surat M. L. C.'s and the Government recording the Terms of Settlement.

(1)

The following letter was addressed by the members of the Legislative Council representing Bardoli Taluka and Surat District to the Hon'ble the Revenue Member:—

POONA, 6TH AUGUST 1928.

TO THE HON'BLE THE REVENUE MEMBER,

SIR,

With reference to your letter dated August 3rd 1928, we are glad to be able to say that we are in a position to inform Government that the conditions laid down by his Excellency the Governor in his opening speech to the Council dated 23rd of July will be fulfilled.

Yours sincerely,

Sd. A. M. K. DEHLAVI.

Sd. BHASAHEB (Thakore of Kerwada)

Sd. DAUDKHAN SALEBHAI

TYEBJEE.

Sd. J. B. DESAI.

Sd. B. R. NAIK.

Sd. H. B. SHIVDASANI.

Sd. M. K. DIXIT.

(2)

### Announcement of the Enquiry.

Government thereafter announced the following enquiry:—

The enquiry will be entrusted to a Revenue Officer and a Judicial Officer, the decision of the Judicial Officer to prevail in all matters of difference between the two, with the following terms of reference:—

To enquire into and report upon the complaint of the people of Bardoli and Valod

- (a) That the enhancement of revenue recently made is not warranted in terms of the Land Revenue Code;
- (b) That the reports accessible to the public do not contain sufficient data warranting the enhancement and that some of the data given are wrong; and to find, if the people's complaint is held to be justified what enhancement or reduction, if any, there should be upon the old assessment.

As the enquiry is to be full, open and independent, the people will be free to lead as well as test evidence before it with the help of their representatives including legal advisers.

(3)

The following further letters were exchanged between the Members of the Legislative Council representing the Bardoli Taluka and the Surat District and the Hon'ble the Revenue Member :—

POONA, AUGUST 7, 1928.

To

THE HON'BLE THE REVENUE MEMBER.

SIR,

Now that the principal point about the Bardoli question is settled satisfactorily we hope and trust that Government will

- (a) Release all Satyagrahi prisoners,
- (b) Restore all lands forfeited,
- (c) Reinstate all Talatis and Patels who resigned their offices.

Yours sincerely,

Sd. A. M. K. DEHLAVI.

Sd. DAUDKHAN SALEBHAI

TYEBJEE.

Sd. BHASAHEB (Thakore of Kerwada)

Sd. BHIMBHAI R. NAIK.

Sd. H. B. SHIVDASANI.

Sd. J. B. DESAI.

Sd. M. K. DIXIT.

(4)

The following letter dated the 7th August 1928 was addressed by the Hon'ble the Revenue Member to the above members of the Legislative Council :—  
GENTLEMEN,

With reference to your letter dated the 7th instant, Government, in exercise of their prerogative, will release all Satyagrahi prisoners and will be pleased to issue orders granting your second request.

The Talatis and Patels will be pardoned if they apply in the proper form.

Yours sincerely,

Sd. J. L. RIEU.

*N. B.*—The price paid for the lands which were sold by Government and were transferred to R. B. Naik as stated in para 86 of the Report was about Rs. 11,000/-, or double the assessment in respect thereof. The excess of assessment thus received was also remitted by Government to the individual cultivators with the result that the land was restored to them without their being out of pocket to any extent.



Report  
of the  
Special Officer appointed to enquire into the  
Question of Land Revenue Remission on  
account of Low Prices in Karjat Taluka of  
the Kolaba District in 1937-38



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OFFICE OF THE COMMISSIONER,  
SOUTHERN DIVISION :  
Belgaum, 19th October 1938.

FROM

P. L. BENNI, Esquire, B.A.,  
Assistant Commissioner, Southern Division, Belgaum,  
and Special Enquiry Officer, Karjat Land Revenue  
Dispute ;

TO

THE SECRETARY TO GOVERNMENT,  
Revenue Department, Bombay.

*Subject.*—Question regarding remission of land revenue in  
Karjat Taluka for 1937-38.

Sir,

I have the honour to submit my report in respect of the above question  
raised by the Karjat Taluka Khatedars' Association as follows :—

#### 1. HISTORY OF THE DISPUTE.

1. The Second Revision Settlement of the Karjat Taluka, including Pages 114-15  
the Khalapur Petha, which is now current, was sanctioned by Government of Second  
in Government Resolution, Revenue Department, No. 5511, dated the Revision  
25th July 1922, and it came into force from the year 1922-23. The rates Settlement  
of assessment in this settlement were based by the Settlement Officer Karjat and  
on the average prices of Kolamba paddy prevalent in the years 1914 Petha No. D.  
and 1915, which he took as the normal years and which he considered C. C., New  
as a reasonable standard to be relied upon for the next 30 years. The Series.  
average of the prices of these two years was 13 seers and 9 chataks per  
rupee which worked out a rate of Rs. 2-15-3 for a standard maund Para. 17,  
of 3,200 tolas and consequently the Settlement Officer took it at the pages 17-18  
round figure of Rs. 3-0-0 per maund for his proposals. of Second  
Revision  
Settlement  
Report of  
Karjat and  
Khalapur  
Petha No. D.  
C. C., New  
Series.

2. The assessment fixed in this settlement on the above basis was  
being paid smoothly till the year 1930-31 when prices of food-stuffs  
began generally to slump and this was particularly so in the case of rice. Government, therefore, thought that the case of areas in which rice  
was the principal crop and in which the settlements were comparatively  
recent, should receive special treatment in the way of suspension of a  
portion of the assessment fixed in the settlement and accordingly  
sanctioned, under some rough and ready method, certain suspensions  
for the Karjat Taluka for the first two years, which they later turned into

remissions under Government Resolution, Revenue Department, No. 5710/28, dated the 12th February 1934. From the year 1934-35, however, some more accurate and equitable method of granting relief was devised under which rebates or remissions were granted straightway, if the fall in the prices of food-stuffs in any year was above a certain percentage from that taken into consideration at the time of settlement. According to these varying orders, Karjat Taluka got suspensions and remissions as below :—

1931-32	..	3 anna suspension in a rupee.	(Vide G.R., R.D., No. 5710/28, dated the 8th February 1932).	} These were turned into remissions by the Government Resolution of the 12th February 1934.
1932-33	..	Do.	.. (Vide G.R., R.D., No. 5710/28, dated the 16th February 1933).	
1933-34	..	3 anna remission in a rupee.	(Vide G.R., R.D., No. 5710/28, dated the 12th February 1934).	
1934-35	..	2 anna remission in a rupee.	(Vide G.R., R.D., No. 5710/28, dated the 9th March 1935).	
1935-36	..	Do.	.. (Vide G.R., R.D., No. 5710/28, dated the 24th March 1936).	
1936-37	..	Do.	.. (Vide G.M., R.D., No. 5710-B/28, dated the 23rd February 1937).	
1937-38	..	Nil.	.. (Vide G.R., R.D., No. 5710/28, dated the 18th January 1938).	

3. As soon as the decision of Government not to grant any remission to this taluka for the year 1937-38 was made known to the people of this taluka and when they learnt that Panvel and Pen Talukas, which were their close neighbours and which had been settled in the years 1923-24 and 1926-27, respectively, had got a two anna remission, the Khatedars' Association, which had been formed by some big land-holders about 2 or 3 years ago, set up an agitation against this decision of Government. They made representations to Government contending that their taluka was entitled to a 2 anna remission, but Government refused, under their letter, Revenue Department, No. 5710-B/28 of 23rd April 1938 to reconsider the orders already passed by them after full consideration.

4. Thereupon the Khatedars' Association passed a resolution practically declaring a no-tax campaign to the extent of 2 annas in a rupee and consequently recoveries could not be easily made in certain cases of big landlords and even attachments of their paddy had to be resorted to. This was how the agitation grew in importance and the dispute came to a head.

## 2. AUTHORITY FOR THIS ENQUIRY.

5. When things were drifting in this way, further representations and negotiations were started on behalf of the Khatedars' Association and Government ultimately agreed to appoint a special officer to make an enquiry into their contentions, provided all the khatedars paid up their land revenue forthwith and that the Khatedars' Association agreed to pay the cost of the special enquiry if their contentions were proved to be incorrect. The Association agreed to the conditions stipulated by Government. On ascertaining from the Collector of Kolaba, that all the land revenue of the taluka had been so paid up, Government appointed me as a Special Officer to enquire into their contentions under Government Resolution, Revenue Department, No. 5710/28, dated the 10th August 1938, and asked me to submit my report through the Collector of Kolaba and the Commissioner, Southern Division. The terms of reference laid down in this Government Resolution were as below :—

“ Mr. Benni should ascertain what were the *retail prices* of Kolamba rice (paddy) from *January to September* 1937 at *Karjat town* and whether the average price of Rs. 3 a maund on which the proposal for land revenue rebates was based was correct or incorrect, after examining the figures supplied by the President of the Khatedars' Association. Mr. Benni should submit his report to Government as soon as possible, through the Collector of Kolaba and the Commissioner, Southern Division.

“ Mr. Benni should make this inquiry in addition to his ordinary duties as Assistant Commissioner, Southern Division.”

6. Government also issued a Press Note No. P.-294 of 11th August 1938 detailing the above circumstances. The Commissioner, Southern Division, informed the Khatedars' Association about the starting of the enquiry and also about its exact scope as laid down in the above Government Resolution, whereupon they raised a further complaint to the Commissioner that the terms mentioned by him were not specified in the Press Note ; that they were too limited in scope and that they were against the terms of the agreement arrived at between them and the Honourable the Revenue Minister. In fact they contended that according to their agreement with the Honourable the Minister, not only the rates of prices at Karjat were to be considered in the enquiry but the rates prevailing in all the principal centres of paddy markets in the taluka were to be taken into consideration and that as paddy was not sold in retail anywhere in the taluka, wholesale rates obtained by the agriculturists for their produce would also be considered. After further correspondence with the Commissioner in respect of these complaints, Government directed that I should decide whether the prices taken at the time of the settlement and now were retail or wholesale and that the prices in the principal centres of paddy trade in the taluka should also be examined to see what bearing they would have on the point to be decided. Accordingly certain additional points noted here below in this report have had to be dealt with.

### 3. THE MAIN CONTENTIONS.

7. In order to fix them up to certain definite points of dispute, I asked the Khatedars' Association to give me a list of their final contentions and the statement containing such a list handed over by them to me is enclosed in the file of papers. They agree that the assessment in the current settlement was based on the rate of Rs. 3 per maund of 3,200-tolas for Kolamba paddy but their principal contentions are as below :—

(i) The rate of Rs. 3 was based on the prices current in the various centres of the Karjat Taluka and was not restricted to the prices prevailing in the Karjat town only.

(ii) This rate of Rs. 3 was the wholesale rate at which the khatedars sold their paddy then and was not the retail price.

(iii) The prices of paddy to be now considered should be wholesale and also those prevailing in the various centres of the taluka and should not be restricted to Karjat town only.

(iv) The prices reported by the Mamlatdar for the last year (1937-38) were not correct and were based on unreliable information of certain merchants at Karjat town.

(v) The weight of paddy as was found in my presence should not be taken into consideration as the weight in monsoon is lower and that the weights stated by them in their statements should be accepted.

I have dealt with these and other contentions in the following paragraphs in their appropriate place.

### 4. PRICES CONSIDERED IN THE CURRENT SETTLEMENT.

8. I do not think that it requires any very serious argument to show that the first contention of the Khatedars' Association that the Settlement Officer took the prices then prevalent in the whole taluka into consideration before he arrived at the rate of Rs. 3 per maund of 3,200 tolas is wholly incorrect. The Settlement Officer has definitely stated in paragraph 17 of his report that the rates prevalent during the years 1914-15 were taken by him as the normal rates on which to base his proposals and there is absolutely nothing either in his report or any other record to show that he went from one market town to another in the taluka and searched the accounts of merchants or other agriculturists for the years 1914 and 1915 to find out his average. The Khatedars' Association admits that they have no definite evidence to show that the Settlement Officer did so go round the taluka but they refer to his remarks in paragraphs 5, 6 and 17 of his report and also to the headings of the Appendix I to his report which records prices for Khalapur Petha and Karjat Taluka.

9. Though the Settlement Officer was considering some factors generally regulating the prices at the time by mentioning the principal market towns and the articles of export and import, he had no other basis for his actual calculations except the price registers maintained at Khalapur and Karjat towns, which were the headquarter towns of

Para. 17,  
pages 17-18  
of Second  
Revision  
Settlement  
Report of  
Karjat  
Taluka and  
Khalapur  
Petha  
No. D. C.,  
New Series.

Pages 60-61  
of Second  
Revision  
Settlement  
Report of  
Karjat Taluka  
and Khalapur  
Petha  
No. D. C.,  
New Series.



the Petha and Taluka, respectively. And as a matter of fact, the figures quoted by him for the years 1908 to 1917 in Appendix I to his report are exactly those of the averages for those years as recorded in the respective price registers, the extracts of which I have now obtained and enclosed in the file herewith submitted. According to the Revenue Accounts Manual, the prices prevalent in the head-quarter town of the Taluka or Petha are to be recorded in the price register and consequently the prices recorded in those registers on which the Settlement Officer based his average rates were those of the respective towns only and never had any relation with the prices prevailing elsewhere. I have shown in the Appendix E how exactly this rate of Rs. 3 was arrived at by the Settlement Officer.

*Vide note (1)*  
below T. F.  
XVIII at  
page 285 of  
Revenue  
Accounts  
Manual by  
Mr. Anderson  
(V Edition)  
and also  
para. 4 of the  
remarks on  
page 286  
thereof.

10. Though these prices are recorded for the head-quarter town of the taluka or Petha, they are taken to relate to the whole taluka or Petha and the price register is described as the taluka or Petha register. Consequently the headings in Appendix I could not have any more meaning than what I have stated above. Khalapur Petha was then included in the Karjat Taluka and consequently the rates recorded at both the places came to be considered by the Settlement Officer. In the circumstances, I am definitely of opinion that the prices considered by the Settlement Officer were only those prevalent in the Taluka or Petha head-quarter towns and did not relate to the other market towns in the Taluka.

11. (i) This Khalapur Petha has recently been abolished and partly included in Karjat and partly in Pen Talukas, though Khalapur village is now included in Karjat Taluka. No separate price register for Khalapur is now available.

(ii) I however feel considerable doubt whether the prices recorded in the years 1914 and 1915 or for the matter of that for any of the years in the last group of 10 years, i.e. 1908 to 1917 given in the Settlement Report were really retail rates as required by the standing orders in the Revenue Accounts Manual. It is contended that paddy is never sold in retail in this taluka and it is difficult at this distance of time to say what the actual position was then in this respect. But if the facts disclosed in my present enquiry with regard to the present state of circumstances in this respect are any indication of the state which might have been prevalent then also, it appears to me that the prices then recorded were more or less based on wholesale rates and were not the rates of actual retail sales. All merchants in the Karjat town and in the other five principal places of paddy trade in the taluka, which I visited, tell me that there were no such retail sales of paddy at any time, i.e. neither then nor now and as far as the facts at the present time are concerned, even the Mamlatdar admits that there are no such regular retail sales in the bazar. The common argument advanced why there are no retail sales of paddy is that it is not an article of food that can be directly used for preparing food and as rice is available anywhere, people rich or poor—prefer to purchase rice rather than paddy, which requires pounding before rice is obtained from it.

Para. 5,  
page 286 of  
Revenue  
Accounts  
Manual by  
Mr. Anderson  
(V Edition).

12. Perhaps it will not be wholly improper to presume that similar circumstances were also prevalent in the years 1914 and 1915 and in fact this presumption is supported to a large extent by the extracts of accounts of certain landholders and merchants for the years 1914 and 1915 from different trading centres in the taluka. I tried to obtain such extracts for Karjat town also but the merchants consulted gave in writing that they had no such accounts. However, certain such sale transactions at Dahivali, a village at a distance of about a mile from Karjat, which had apparently a considerable paddy trade even then, show that an average rate of Rs. 3-0-1 per standard maund of 3,200 tolas was obtained then. Similarly the accounts of merchants and khatedars at Neral and Chowk work out average rates of Rs. 2-15-9 and Rs. 3-0-1 respectively and the average rate for all these centres comes to Rs. 2-15-9. I have worked out these figures in Appendix F. No doubt I have held that the rates recorded in the price registers of 1914 and 1915 did not relate to any other centres except Karjat and Khalapur towns but as giving a nearer bearing to the rate then prevalent at Karjat, the above figures do appear to throw considerable light.

Appendix F.

Do.

13. I must however state one thing which may go against the above presumption. It is that it is stated that there were no rice mills at Karjat before 24 years, and consequently rice could not be had in abundant quantity nor could paddy be turned into rice by hand pounding at cheaper rates as is done now by rice mills in any principal town in the rice growing areas. Owing to this circumstance, it is possible that all persons who grew no paddy of their own i.e. labourers, artisans and people under similar circumstances were purchasing paddy in the bazar in small quantities to form retail sales and it may be that such prices came to be recorded then. In spite of this presumption, which should ordinarily be correct, the merchants and others, whom I consulted, do still affirm that it was not usual then, even with poor people to purchase paddy, and they purchased only rice in the bazar. Though I am inclined to accept these statements with a certain amount of hesitation, the probabilities on the whole appear to be that the prices then recorded were rather wholesale than retail. Even if there were any retail sales of paddy, they should have been neither usual nor large and all rates of paddy generally came to be computed by Khandi (20 maunds) rates and not in so many seers per rupee. In the above circumstances it appears to me that the second contention of the Khatekars' Association will have to be conceded.

#### 5. BASIS OF COMPARISON.

14. It is clear that the basis of our comparison between the settlement and now will have to be the same if our conclusions are to be correct. For this purpose, I have already discussed above in paragraph 4 the two main circumstances under which the rate of Rs. 3, which was the basic figure of the settlement was arrived at and it is obvious that similar will have to be the circumstances to be considered now with which that old rate can be compared. In other words, the rate to be compared now will

have to be the average rate prevailing in Karjat town only and cannot be the one arrived at from the figures of the different centres.

15. I would have however admitted the prices of Khalapur also but there are no sales in most of the nine months of January to September 1937 and consequently no correct idea of the figures of nine months required can be obtained for this place. The Khatedars' Association also agreed to leave this place out of account. Further it is obvious that this rate would be the average of wholesale rates at Karjat. Hence the third objection of the Khatedars' Association can only be accepted partly, i.e., as far as the whole sale rates at Karjat are concerned but such rates at other centres cannot be considered, as the basis of comparison between the settlement and now will then differ.

#### 6. PRICES OF 1937.

16. The prices recorded in the price register in 1937 and even now, do not appear to have a correct bearing on the actual rates current in the market. As discussed in paragraph 4 (ii) above it is revealed at all places where I made enquiries that paddy is not now sold in retail at any place and even if there is any such sale, it is only rare and cannot be called a usual trade item of day to day sale in the market. Even the Mamlatdar admits this. Even so certain rates came to be recorded as retail rates of paddy in the price register when they were in fact neither rates of retail sale nor wholesale. I do not however think that the Mamlatdar is to be blamed for the rates so actually recorded in the price register. He has maintained a rough note-book in which the two merchants with whom the clerk of the Mamlatdar's office used to make enquiries about the rates of paddy have under their own signatures noted down the rates in local seers per rupee and consequently the Mamlatdar took them to be correct. I have enclosed this note-book for the perusal of Government in the file of papers submitted herewith. The rates given by the two traders as well as the rates recorded by the Mamlatdar in the price registers are shown in Appendix D, which also gives the rate per standard maund as calculated from the figures recorded by the Mamlatdar and as now found by me in this enquiry.

17. I have recorded the statements of the two merchants concerned and one of them states that he does not deal in paddy but obtained the rates from a neighbouring paddy dealer and recorded them in the Mamlatdar's note-book. The other man consulted by this merchant states that he sells paddy at times in retail to Katkaris and to the servants of Europeans of Lonavala for feeding fowls and that the total quantities so sold by him in a year come to about 2 to 3 Khandis. But the difficulty is that the rate at which he states he actually sold his paddy in retail is something different from the one which he gave as the market rate. The rate at which he actually sold his paddy works out at  $25\frac{1}{2}$  local seers per rupee while the rate given by him to the Mamlatdar is 20 local seers per rupee for both May and June 1937. No explanation is offered about this difference and he only states that he had given the market rate as he knew it. This is very unconvincing. The second

merchant who is a regular trader in paddy does admit that he gave certain rates to the Mamlatdar's karkun but says that they were in village seers. His accounts, which I have examined, do not support these rates at all, and in fact they are nearly 26 per cent. more than the actual rates as found from his accounts. These facts coupled with the fact that there are no retail sales of paddy as such in the bazar, lead me to believe that whenever the Mamlatdar's karkun asked these merchants as to the retail bazar rates of paddy, they gave him some figures off-hand which were in fact neither existing nor had any correct relation to the actual rates current in the market. Nobody apparently thought seriously about the matter and what was given out by these merchants was accepted as correct.

18. It may also be pointed out that the Price Inspector who is an officer under the Director of Agriculture, and whose duty it is to see whether these price figures are correctly recorded, checked the price figures for January 1937 to April 1938 in May 1938 and he also noticed that there were no retail sales of paddy generally in the bazar. He has admitted in his report, dated the 11th June 1938, to the Director of Agriculture, a copy of which is enclosed among the papers that the rates recorded in the Price Register are approximate and are collected from wholesale mill purchasers. He however did not suggest what method should be adopted but only remarked that careful investigation of paddy rates was necessary to get a correct rate in force. I personally consulted the Mamlatdars of Pen, Panvel and Alibag with regard to the method of recording paddy rates in the price registers of their talukas and the latter two admit that the rates recorded are calculated from the wholesale rates by rule of three, while the Mamlatdar of Pen says that they are retail sale rates but such sales are small and are not usual. These facts prove beyond doubt that paddy rates recorded in the price registers in the Karjat and neighbouring talukas have no actual basis and are obviously not correct.

19. In the above circumstances, I am of opinion that the rates which came to be recorded in the price register of Karjat taluka in the year 1937 are neither correct nor are they either retail or wholesale rates. They are some off-hand figures given by the two merchants and have no relation to actual rates—either retail or wholesale—current in the market as the accounts examined by me would show. Hence it would have to be conceded that the 4th contention of the Khatadars' Association is correct.

20. The very next point which therefore arises is which rates should now be considered to arrive at a fairly accurate average rate in relation to the settlement rate. I think that the wholesale rates which were current as found from the accounts of the merchants at Karjat during January to September 1937 will have to be considered to calculate the actual fall or rise from the settlement rate but such wholesale rates at other centres cannot be considered as stated by me in paragraph 5 above as the basis of comparison between the settlement and now will then differ and correct calculations will therefore be impossible.

## 7. HOW CURRENT RATES ARE NOW FOUND.

21. I found in my enquiry that various factors required to be considered before a fairly accurate average rate of paddy per maund could be arrived at and out of them the following are the main ones :—

- (i) Measures with which paddy is measured ;
- (ii) The quality of paddy ; and
- (iii) The season at which these measurements and weights are taken.

(i) *Measures.*

22. I was rather confounded to find that the measures with which paddy was measured could vary with so much rapidity from place to place in the same taluka. In fact it varied from village to village and in the same place, it varied from merchant to merchant and landholder to landholder. The generally acknowledged local measures of paddy are what are called " Adholis " and " Pharis " and anything from 27 Adholis to 30 Adholis is said to make one local maund and 20 such maunds make one Khandi. One " Adholi " is two local seers but it was ascertained in my inquiry that the seer measure is not used in paddy transactions as that measure is too small to be of any use in dealing with paddy which is sold in large bulk. It was further ascertained that since the last two years, the seer and adholi measures which are prepared according to the capacities fixed under the Weights and Measures Act (Bombay Act No. XV of 1932) are in use, while the " Phari " measure which is said to represent half a local maund and which is the one invariably used in all transactions of paddy is still of the old varying capacities and the uniform measure of Phari as fixed under the above Act has not still been brought into force. A further funny thing is that the " Phari " measure with which the landholders sell their paddy to merchants is quite different from that used by the landholders in receiving their rents in paddy from their tenants and the worst of it is that the present disputants themselves admit that the " Phari " measure with which they receive rent from their tenants is decidedly larger than the one with which they sell their paddy to merchants. Then again the Phari of every landholder differs from that of his neighbour and they state that it is one of the conditions with their tenants that the " Makta " or rent in kind should be measured with their own particular Phari. It is therefore not very difficult to conceive how these varying measures of paddy used by the so-called Khatedars themselves are anything but a regular fraud against the poor tenant and the shelter now taken by these Khatedars that it is an old method long in vahiwat can neither be reasonable nor sustained any longer.

23. It is also to be pointed out that the method of measuring fixed under the Weights and Measures Act is by cutting method while that actually in practice still, as far as seer and Adholi measures are concerned, is by heaping method. I got the Inspector of Weights and Measures to discuss this matter with me so that I might fix up certain measures to make my calculations and he told me that the standard measures have

already been fixed and brought into force about three years ago but there was some dispute about the shape of the Phari measure and Government orders are expected on it shortly. He however made it clear that it was an offence to use any measure and also any method of measure in purchase which had not been sanctioned by Government and he had already warned the merchants and other traders accordingly. Any way the unfortunate confusing old order is still in force and I must submit that this state of things should be put an end to at the very earliest moment in the public interest. The only best and effective way to do it, appears to me to destroy all the old measures or acquire them and if they are left with their owners, as is now done, they are sure to use them surreptitiously and the benefit intended to be secured to the public and more especially to illiterate tenants and poor people will almost be lost.

24. I admit that certain of my above observations may be beyond the scope of my regular enquiry but in order to fix upon certain measurements for arriving at the current rates of paddy, I had perforce to go through the question of these measures and I have only thought proper that the facts disclosed may be placed before Government for their information and action, if any, necessary.

(vi) *Quality of paddy.*

25. Before arriving at a fairly accurate weight of two Pharis of paddy which is equal to one local maund, it is equally important to take into account the quality of paddy which is to be weighed. I noticed that these weightments considerably differed from quality to quality in every place where I took tests and if a very fine quality weighed 2,996 tolas per maund, an inferior quality weighed only 2,792 tolas, for the same measure. If we take the weight of the finest quality, results favourable to the Khatedars' Association will be obtained, while the weights of inferior quality result in supporting almost the present rate of Rs. 3 per maund. To be fair to all therefore, I decided to take the weightments of medium quality paddy or the average of weights of three qualities—best, medium and inferior—for the purpose of my calculations and the figures arrived at in the several Appendices are based on weightments of such kind of paddy. I consulted the Crop Botanist to the Government of Bombay, who is specially stationed at Karjat for rice crop research, if he could give me any correct and proper data as to the weightments of the several kinds of Kolamba paddy but I found he had no such statistics.

(vii) *Season.*

26. As the weights of paddy taken in the presence of myself and the Secretary and the President of the Khatedars' Association came to be invariably less, I noticed that the Khatedars' Association were in a difficult position to explain these less weights and consequently it appears that they have come forward with the contention, apparently by way of explanation, that the weight of paddy is less in September-October

than in April-June as the paddy gets wet in September-October and increases in bulk giving less weight. My own commonsense idea was rather the reverse and my enquiries with the other merchants and particularly with one very big paddy merchant—Mulji Virchand of Chowk—in the presence of the President and the Secretary of the Association, went to confirm my idea. This merchant, who is also a big landlord paying about Rs. 2,000 as land revenue is apparently supporting the Khatedars' Association. In order however not to dogmatise on a matter in which I had no personal knowledge, enquiries were made with the Crop Botanist in this respect but he also could give no definite and clear opinion though he stated that generally the weight of all grains increased in wet season including September and October. The Khatedars' Association also has no definite data to prove that the weight of paddy gets less in September than in June when they supplied their figures of weights per maund of Kolamba paddy. It is therefore difficult to believe their bald statement which is unsupported by any evidence. Anyway, I think, it should be quite reasonable and fair to both sides if the weights actually found in our test are taken into consideration for the purpose of arriving at the rates of paddy current during the period in question. In the circumstances, the last contention of the Association that the weights given by them alone should be considered cannot be accepted.

27. As stated by me in paragraph 5 above, we are concerned only with the paddy rates current in the Karjat town. The Khatedars' Association had supplied me with the accounts of two merchants for Karjat town for being considered. There are about 5 merchants in the town but it is only three who are regular dealers in paddy. The third merchant by name Gani, who had been left out by the Association, had transactions throughout the nine months and as actual rates realised throughout the period of nine months would give a more accurate data for arriving at an average, I decided to include his accounts also in the examination. The Khatedars' Association did not raise any objection to this merchant at the beginning when weights of his Phari measures were taken and accounts checked but after nearly about 12 days, when I had included his figures in my calculations and when I was about to leave their taluka after completing the enquiry, they put in an objection not to take his accounts into consideration on the ground that some of his transactions were on credit. I cannot accept such a late objection nor can I believe that it is quite true. That merchant was queried in the presence of the Secretary and his measures were weighed and checked in his presence and no such objection was taken by anybody till the end though they were with me all along. I can only presume that when they found that the rates of his transactions went against them, to a large extent, they have apparently come forward with this objection.

28. I weighed the medium quality Kolamba paddy with the different Phari measures of these three merchants and checked their accounts and the test sheets of these weighments which are signed by the Secretary are enclosed amongst the file of papers. Calculated according to these

tests, the rates of Kolamba paddy for Karjat town would come to be as in the Appendix A, for each of the 9 months of 1937 and the average rate for the whole period of 9 months comes to be Rs. 2-9-8 as against Rs. 3-0-10 reported by the Mamlatdar and as against Rs. 2-7-7 as calculated by the Khatedars' Association for Karjat and three other neighbouring villages together [*vide* note (ii) in Appendix A].

29. I have already made it clear that the rates of paddy prevalent in any other centres except Karjat town cannot be considered to arrive at the correct fall from the settlement rate and though this was so, Government wanted me to examine the rates in the other centres also apparently to know what relation they would bear towards the rates prevailing in the Karjat town. I accordingly went over to the five other centres, i.e., Dahivali, Neral, Khopoli, Khalapur and Chowk, took weighments of the different Phari measures prevalent at each place and examined the accounts of all merchants and other land-holders for whom the Khatedars' Association had supplied me figures. The total number of such accounts comes to 38 and apparently there was no necessity to examine all these. A few typical cases which showed transactions for all the 9 months or most of them would have been sufficient for our purpose but the Khatedars' Association insisted upon my examining every one of them and I conceded to their request only to avoid dispute on such a minor point. The result of these examinations is shown in Appendix B to this report. Dahivali is a village about one mile from Karjat but it has a considerable paddy trade of its own as there are three merchants and one rice mill there. The Khatedars' Association had shown the rates of this village with the Karjat rates as if both are one and the same village but I do not think that such a position can be accepted. There is a river between the two and there is no road communication when the river is in floods. It is besides an entirely different revenue village and consequently I have considered its rates as a separate centre.

30. The average of all these other centres works out at Rs. 2-8-3 per standard maund as shown in Appendix B and if the rates of all the centres including Karjat are considered together, the average rate comes to Rs. 2-8-5 per standard maund as shown in the Appendix C. This average of Rs. 2-8-5 for the whole taluka works out a fall of 15·8 per cent. from the settlement rate of Rs. 3 per maund, but as already stated above, such an average for the whole taluka cannot be considered.

31. I have left out Khalapur village from the present calculations as there were no transactions of paddy with any merchant or landholder throughout the nine months and what few transactions there were, they related only to the first few months of the season. The Khatedars' Association agreed to leave this out.

32. From the examination of these rates at the different centres, one significant fact however comes to light. The rates at Karjat are found to be higher than in any other centre in the taluka, Neral and Dahivali coming nearer to it. Perhaps this is due to there being a railway communication to Karjat and also road communication from the Bombay-Poona road.



## 8. THEIR OTHER OBJECTIONS.

33. The Khatedars' Association has contended that the rates in the month of December 1936 should also be considered as it is in that month when nearly 1/5 of the total quantity of the paddy produce of the taluka is sold by the agriculturists. This may be true or nearly so but the point is whether there is any apparent reason why the case of Karjat Taluka alone should come to be treated on a different footing from the other talukas in the Province. Government decided that the rates prevalent in the nine months from January to September 1937 should be averaged and if such average showed a fall of 25 per cent. and above, certain remissions should be granted. They accordingly sanctioned such remissions in many talukas during the year 1937-38 and if December rates are now to be considered in the case of this taluka alone, there will be disparity of treatment and it is possible that complaints from other talukas are likely to be received. Anyway, I have worked out these rates also and given them in Appendix G for the information of Government. If December rates are considered, Karjat town will show a fall of 15.1 per cent. and if all the centres are considered together, a fall of 17.4 per cent. would be the result. But it is obvious that this special treatment is out of consideration as it introduces disparity from taluka to taluka as stated above. Appendix G  
to this report.

34. Another complaint of the Khatedars' Association is that the Mamlatdar's weight of 51 tolas for one local seer as recorded in the price register in April 1937 is wrong and as he has calculated his figures from that weight, his ultimate rate of Rs. 3-0-10 is also wrong. This point is not now of any importance as I have held the Mamlatdar's rates to be incorrect and the calculations now made by me are based upon the actual weights found for one local maund of paddy. I must, however, state that the weight of 51 tolas per local seer recorded by the Mamlatdar may not be altogether incorrect. In my weight of one Adholi, i.e., 2 local seers of medium Kolamba paddy in the shop of Cawasji at Karjat, I found that it weighed 103½ tolas which comes to 51½ tolas per seer. The weight varies from quality to quality and the average weight was found to be somewhere between 52 and 54 tolas at the utmost. This is supported by the figures supplied by Mr. Sugvekar himself in a comparative statement showing the weights of old and recent measures which is amongst the papers.

35. The last objection of the Association is that paddy had been exported to Panvel from Karjat during February and March 1937 indicating that Panvel rates were higher than Karjat rates at that time. I do not know if that was so and even if it was so, I do not think that that conclusion necessarily follows. If necessary stock is not available in a market in any month, merchants do go out to other markets to make purchases and consequently no question of rise or fall in prices would appear to arise. Perhaps some such circumstances might have existed in these months. A Panvel merchant, who had come to Chowk to purchase paddy on the 5th of this month, told me in the presence of the

President and the Secretary of the Association that he had come to purchase at Chowk not because the rate at Chowk was lower than at Panvel but because no stock was available to him at Panvel. It is further clear that unless we compare the rates at the two places on the same day and also the quality and the capacity of the measures with which these purchases are made, nothing definite can be said in that respect. Besides, when we have got rates of actual sales at Karjat for the several months in question, it is needless to go into this point.

36. Regarding the sale of certain minor's paddy by the Mamlatdar at Rs. 32-8-0 per khandi, the Mamlatdar has reported that the minor's paddy was sold at that rate by calling tenders and one of the conditions of the tender was that the purchaser should go to the 15 different villages where the minor's lands were situated and collect paddy there only from the tenants himself. Further the quality of the paddy also was not known. In these circumstances, this rate cannot be considered as the usual rate of the market for medium quality paddy.

#### 9. CONCLUSIONS.

37. I have discussed above in sufficient detail every one of the objections raised by the Association and in the circumstances detailed therein, I come to the following conclusions on the main issues :—

(i) The settlement rate of Rs. 3 was based on the wholesale rates of Kolamba paddy which was prevalent in the years 1914 and 1915 at Karjat and Khalapur and no retail rates would appear to have either existed or considered then.

(ii) The rates of paddy to be considered now should also be based on the wholesale (khandi) rates prevalent in the Karjat town alone and the rates of other centres should not be taken into account.

Appendix A  
of this report.  
Do.

This average rate for Karjat town as found by me after my test comes to Rs. 2-9-8 and it follows that the rate of Rs. 3-0-10 reported by the Mamlatdar is not correct. Consequently instead of there being a rise of 1·7 per cent. on the settlement rate, there is a fall of 13·2 per cent.

Appendix A  
of this report.

38. But I am to point out that the Khatedar's Association undertook to prove that the fall was 20 per cent. or more below the settlement rate of Rs. 3 but they have failed to do so. I should also like to state that no more accurate and equitable method for calculating the rates of paddy during the nine months in question could be thought of than the one which is now adopted by me and there cannot also be any dispute about the basic figures on which my calculations are based as the tests of different measures and weights of paddy at the various centres were taken in the presence of the office-bearers of the Association and they have signed them in token of their correctness. Even according to these tests, there is only a fall of 13·2 per cent. below the settlement rate of Rs. 3, if Karjat town rates alone are considered for the first nine months of 1937. I have shown above sufficiently clearly why the rates of

Karjat town alone should be taken into consideration and even if the Appendix C rates of all the centres come to be considered, they work out a fall of <sup>to this report,</sup> only 15·8 per cent. below the settlement rate.

39. Government had laid down for the year 1937-38 a scale of falls which would entitle a taluka to certain remissions and the minimum point in that scale was 25 per cent. for a remission of 2 annas. Strictly according to the above scale, neither the fall for Karjat town alone nor for all the centres in the taluka together would entitle this taluka to a two-anna remission as claimed. The truth has come to lie somewhere midway between the figures of the Mamlatdar and the Association and it is for Government to see if this fall of 13·2 per cent. alone should be considered as sufficient to give any relief to this taluka.

40. I have also made out above that the prices of paddy for December 1936 should not and cannot be taken into consideration as there will then be unequal treatment between taluka and taluka, but even admitting December prices, the fall works out at 15·1 per cent. for <sup>Appendix G</sup> Karjat town and at 17·4 per cent. if all the centres are considered <sup>to this report.</sup> together. Even here also, the claim of the Khatedars' Association is not fully substantiated.

#### 10. MY SUGGESTIONS.

41. I think it would not be inappropriate if I make a few suggestions with regard to one or two important points disclosed in this enquiry. The first thing is as regards the recording of prices of paddy in the price registers. It has been clearly shown in the above paragraphs that the present method of recording some imaginary figures or figures calculated from wholesale figures by rule of three is wrong and it appears necessary that it should be put right. The Revenue Accounts Manual (T. F. No. XVIII) requires that only retail prices should be recorded in this register but there are no retail sales of paddy as such in the bazar at Karjat and also at Panvel, Pen and Alibag as far as my enquiries went. In the circumstances, either the recording of prices for paddy will have to be omitted or wholesale figures should be allowed to be recorded for this commodity as a special case.

42. I think that the first alternative is better than the second as it conforms to the actual state of things. But there is the difficulty that the settlements in rice growing talukas have been based on paddy prices and if no rates for paddy are now shown, there will be no data with which the settlement rates can be compared, in case questions of remissions owing to slump in prices, if any, arise in future. Except for this circumstance, I believe, it would be more proper if the settlements in such areas are based on the prices of clean rice rather than on paddy as retail rates for rice will be available at any time. I do not know what was the point in considering the rates of paddy alone in the settlement proposals. If it is argued that the agriculturists grow paddy alone and it should therefore be the rates of that commodity on which any settlement should be

based, there is the further objection that we are not basing our proposals on the rates which the agriculturists get but on the rates as recorded in the price registers which means on the rates which the merchants get for that commodity in sales in small quantities from day to day in their shops. Hence it appears that the rates of clean rice which generally bear a definite relation to the prices of paddy can be taken to base the settlement proposals in such paddy growing areas. If that is so, there should be no objection to omit the recording of rates of paddy in the register and issue instructions to settlement officers accordingly.

43. In the alternative the instructions in the Revenue Accounts Manual with regard to the method of recording of prices of commodities will have to be changed. I do not think that the price register (T. F. No. XVIII) has been devised mainly for the purpose of providing statistics for Land Revenue Settlements. Apparently that register is meant to serve the requirements of general public in respect of retail sales in a taluka market in any given month. In that case the position will not be correctly represented to the public if only wholesale rates obtained by the agriculturists for their produce are shown in this register. Settlements come once in a way but the need of the public to know the actual rates of small sales of principal commodities in any taluka town may be more important and so it is doubtful if it would be proper to change the instructions in the Revenue Accounts Manual itself. If both the above suggestions are not considered suitable, the Mamlatdars of such talukas may be asked to make a note in their price registers that the rates recorded for paddy are wholesale which would avoid any such misunderstanding in future.

44. It also appears to me that careful enquiries are not generally made before the rates are recorded in the price register. It should be incumbent on the Mamlatdar personally to check in the bazar at least twice in a year the rates recorded in his register with the rates recorded in the accounts of the merchants and to satisfy that they are correct. A certificate under his hand to that effect may also be insisted upon to make him realise his responsibilities in this respect. As this register is the only record on which such comparisons can be based, the accuracy of this register is absolutely necessary and it is more so now as land revenue remissions involving thousands of rupees are granted by Government every year on the authority of the figures in this register.

45. A third suggestion which I can make is as regards the enforcement of uniform standard measures to measure paddy. I have sufficiently shown above that the difference in the capacities of the old "Phari" measure, which is still in use, is really bewildering from place to place and is further definitely against the tenants and small land-holders who sell their stock to the merchants. The use of such measures should be stopped at once under the Weights and Measures Act (Bombay Act No. XV of 1932). Some of the merchants and land-holders have even preserved the Phari measures, which, they say, were prevalent in 1914 and 1915 and as they are bigger in capacity and the same in

outward shape, there is no guarantee that they are not now used. As proposed by me before, it appears that they should all be destroyed when the new standard Phari, i.e., half maund measure is actually sanctioned and introduced by Government. The transactions of paddy and rice by Adholi still take place by heaping method while it is stated that that method is not authorised. It is, however, pointed out that it would be no offence if the seller gives more—which heaping method amounts to—but it appears to me that he would really charge more and will naturally use the same method for purchasing from others. In the circumstances, the object of the Act is likely to be frustrated if heaping method is allowed with the consent of the seller and prohibited only if he objects to it. Of course, I have no experience in that line and do not know the real difficulties; but the facts disclosed in my enquiry do point to some defects which require remedying. A further enquiry by the department concerned may be made to see what action would be necessary. I have explained all these points to the Inspector of Weights and Measures in charge of this taluka.

46. The present enquiry nearly took three weeks, in two of which, I had actually to visit once or twice the different centres of paddy trade in the taluka to check the accounts, and to make local enquiries and the remaining one week was occupied in travelling from Belgaum to Karjat and Alibag and back and also in preparing statistics and the draft report.

47. I have enclosed to this report six appendices—A to G—giving statistics of various prices, etc., and also one file of papers containing the sheets of weighment tests in different centres, statements of parties, statement of the Khatadars' Association's objections and other miscellaneous reports and statements of parties.

I have the honour to be,

Sir,

Your most obedient servant,

P. L. BENNI,

Assistant Commissioner, S. D., Belgaum,  
and Special Enquiry Officer,  
Karjat Land Revenue Dispute.

APPENDIX A.

Statement showing the average rates of paddy per standard maund of 3,200 tolas obtained from merchants in the Karjat town.

Serial No.	Name of the merchant.	The weight in tolas of one local maund as given by the Khatedars' Association.	The weight in tolas of one local maund with the Pharimasure of each merchant as found in the present enquiry.	Average rate for each month per standard maund of 3,200 tolas calculated from the weights in column 4.										Total.	Average rate as found in the present enquiry.
				January 1937.	February 1937.	March 1937.	April 1937.	May 1937.	June 1937.	July 1937.	August 1937.	September 1937.			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
				Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	
1	Cowasji Dhanji.	3,200	3,036	2 4 5	2 10 8	2 1 2	2 10 3	2 15 9	..	2 11 5	2 12 0	..	..	..	
2	Ganl Tar-														
	Mohamad ..	Nil.	2,914	2 6 5	2 6 0	2 8 3	2 10 6	2 12 1	2 11 7	2 14 4	2 13 0	2 11 11	..	..	
3	Kesarimal														
	Jethaji ..	3,120	2,968	2 6 3	2 3 9	..	2 6 10	2 10 9	2 8 10	..	..	..	..	..	
	Total ..			7 1 1	7 4 5	4 9 5	7 11 7	8 6 7	5 4 5	5 9 9	5 9 10	2 11 11	..	..	
	Average ..			2 5 8½	2 6 9½	2 4 8½	2 9 2½	2 12 10½	2 10 2½	2 12 10½	2 12 11	2 11 11	23 7 3½	2 9 8	

NOTE.—(i) The average rate of Rs. 2-9-8 as found in the present enquiry works out a fall of 13·2 per cent. below the Settlement rate of Rs. 3.

(ii) The Khatedars' Association has not found out a separate average for the Karjat town alone, but has given one average together for Karjat, Dahivall and two other villages and that too for ten months including December 1936. Excluding December 1936, the average rate for these villages according to them comes to Rs. 2-7-7 which works out a fall of 17·5 per cent. below the Settlement price.

Belgaum,  
17th October 1938.

P. L. BENNI,  
Assistant Commissioner, Southern Division, Belgaum,  
and Special Enquiry Officer, Karjat Land Revenue Dispute.

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**APPENDIX B**

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APPENDIX B.

Statement showing the average rates of paddy per standard maund of 3,200 tolas obtained from merchants and others in four other different centres in the Karjat taluka except the Karjat town.

Serial No.	Name of the merchant.	The weight in tolas of one local maund as given by the Khatodary Association.	The weight in tolas of one local maund with the Phari measure of each merchant as found in the present enquiry.	Average rate for each month per standard maund of 3,200 tolas calculated from the weights in column 4.										Total.	Average rate as found out in the present enquiry.
				January 1937.	February 1937.	March 1937.	April 1937.	May 1937.	June 1937.	July 1937.	August 1937.	September 1937.			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
				Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	
1	1. Dahivalki. Chunilal Punamchand ..	3,120	3,065	2 5 4	2 8 5	2 9 5	2 11 2	2 8 8	2 14 6	2 12 8	2 9 10	2 12 8			
2	Jamnadas Bhogilal ..	3,120	3,013	2 8 4	2 2 5	2 12 5	2 11 1	2 10 6	2 2 7	2 14 9	2 14 9	2 12 9			
3	Krishnaji Govind Medhi ..	3,050	3,121	..	2 7 5	2 5 6	2 7 4	2 7 4	..	..	..	..			
4	Shankar Lal Sakalchand ..	3,120	3,085	2 3 7	2 3 10	2 4 7	2 2 2	2 12 9	..	..	..	..			



5	Vishnu Ganesb Medhi ..	3,050	3,085	1 13 5	2 11 11	..	2 12 0	2 11 0	..	..	..	..
6	Dattatraya Mahadev ..	3,060	3,059	..	..	2 3 1	2 9 2	2 9 10	..	..	..	..
7	Punamchand Amthadas ..	3,120	3,101	2 4 4	2 7 7	2 7 5	2 11 1	2 12 11	2 12 2	..	..	..
	Total ..	..	..	10 14 0	14 9 7	14 10 5	18 0 0	18 3 7	7 13 3	5 11 0	5 8 7	5 9 5
2. Neral.												
1	Vithaldas Mohanji ..	2,916	2,804	2 2 9	2 7 7	2 3 1	2 11 5	2 11 4	2 11 11	2 14 5	3 1 10	2 10 1
2	Malukchand Javerdas ..	2,916	2,804	2 5 2	2 6 4	2 4 2	..	2 6 3	2 9 1	..	..	..
3	P. K. Bhadsavle..	2,916	2,804	2 6 4	2 6 4	2 5 10	2 6 4	..	..	..	3 0 10	2 9 3
4	Valsji Shelaji ..	2,916	2,804	2 4 10	..	..	..	..	..	2 15 0	..	..
5	Mahamudmiya H. Naze ..	2,916	2,804	..	2 5 5	..	..	..	..	..	..	..
6	Ramchandra Ganesh Dharap.	2,916	2,804	..	..	..	..	..	..	2 11 1	..	..
7	Khanderao Sakharam Gandhre ..	2,916	2,804	..	2 4 6	2 0 8	2 7 3	..	2 4 11	..	..	..

APPENDIX B—contd.

Serial No.	Name of the merchant.	The weight in tolas of one local maunds as given by the Khatedars' Association.	The weight in tolas of one local maund with the Phari measure of each merchant as found in the present enquiry.	Average rate for each month per standard maund of 3,200 tolas calculated from the weights in column 4.									Total.	Average rate as found out in the present enquiry.
				January 1937.	February 1937.	March 1937.	April 1937.	May 1937.	June 1937.	July 1937.	August 1937.	September 1937.		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
8	Mansukh Har- govind ..	2,916	2,804	Rs. a. p. ..	Rs. a. p. 2 0 10	Rs. a. p. 2 11 10	Rs. a. p. ..	Rs. a. p. ..	Rs. a. p. ..	Rs. a. p. ..	Rs. a. p. 2 11 10	Rs. a. p. ..	Rs. a. p.	Rs. a. p.
9	Ch h a g a n l a l Lakhmichand..	2,916	2,804	2 3 6	2 9 8	2 7 4	2 6 3	2 10 7	2 4 6	2 6 7	..	..	Rs. a. p.	Rs. a. p.
10	Damodar Maluk- chand ..	2,916	2,804	2 7 1	..	..	..	2 13 5	..	..	..	..	Rs. a. p.	Rs. a. p.
11	M. G. Joglekar..	2,916	2,804	1 15 11	2 4 6	2 0 10	..	..	2 9 1	..	2 10 0	..	Rs. a. p.	Rs. a. p.
12	K. G. Sugvekar.	2,916	2,804	..	2 3 2	..	..	..	2 10 0	..	..	..	Rs. a. p.	Rs. a. p.
13	Jadhavji Bhojraj	2,916	2,804	..	..	2 5 1	2 5 1	2 12 8	2 7 7	2 15 6	..	..	Rs. a. p.	Rs. a. p.
	Total ..	..	..	15 13 7	21 0 4	18 6 10	12 4 4	18 6 3	17 0 1	18 14 7	11 8 6	5 8 4	Rs. a. p.	Rs. a. p.

8. <i>Ehopoli.</i>												
1	Devraj Gajaji ..	..	2,904	2 2 9	2 4 5	2 5 1	2 7 6	..	..	..	2 13 7	2 11 6
2	Dava Promaji ..	2,880	2,904	2 2 2	2 4 0	1 15 6	2 3 3	2 8 8	..	2 1 6	2 3 3	..
3	Ramaji Dayaji ..	2,880	2,904	2 0 0	2 7 11	2 7 10	2 9 3	2 11 6	2 10 11	2 0 9	2 10 9	2 9 2
4	Miyachand Meghaji ..	2,880	2,904	1 14 0	..	2 1 6	..	..	..	..	..	..
5	Khumaji Dahaji ..	2,886	2,904	2 3 3	2 3 3	..	..	..	..	..	..	..
6	Sha Laddha Lumbaji ..	..	2,904	..	..	2 7 8	..	..	2 0 0	..	..	..
7	Dhanrupji Dahaji ..	2,880	2,904	2 3 0	..	..	..	..	..	..	..	..
8	Punamchand Surlingji ..	2,880	2,904	2 0 3	2 7 8	..	2 5 6	..	2 7 0	..	..	..
9	Messrs. Satraji Senaji & Co. ..	..	2,904	2 1 7	2 3 3	..	..	..	2 10 3	..	..	..
10	Daudsah Gulam Mahomed ..	..	2,904	..	..	..	2 9 5	2 9 5	2 9 5	..	..	..
11	Gulabchand Manrup ..	2,880	2,904	2 3 3	..	..	..	2 11 10	..	..	..	..
12	Shajodha Devji Shet ..	..	2,904	2 4 3	..	..	..	..	..	..	..	..
13	Gopial Har- narayan ..	2,880	2,904	2 3 6	2 1 11	..	..	2 3 3	..	..	2 12 8	..
14	Bhikaji Nar- singji ..	2,880	2,904	2 3 3	..	2 3 6	..	..	..	..	..	..
Total ..		..	..	25 15 3	16 0 5	13 14 1	12 2 11	12 12 8	12 14 7	4 11 3	10 8 3	5 4 3

APPENDIX B—concl'd.

1 Serial No.	2 Name of the merchant.	3 The weight in tolas of one local maund as given by the Khatedars' Association.	4 The weight in tolas of one local maund with the Fhari measure of each merchant as found in the present enquiry.	Average rate for each month per standard maund of 3,200 tolas calculated from the weights in column 4.										14 Total.	15 Average rate as found out in the present enquiry.
				5 January 1937.	6 February 1937.	7 March 1937.	8 April 1937.	9 May 1937.	10 June 1937.	11 July 1937.	12 August 1937.	13 September 1937.			
	4. <i>Chowk.</i>			Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1	Virchand Amichand ..	2,880	2,780	2 1 8	2 9 7	2 8 7	2 8 11	2 9 4	3 0 2	2 11 7	2 1 6	2 9 4			
2	Nathji Javardas ..	..	2,780	2 2 9	2 5 6	..	1 13 10	2 5 10	2 1 2	..	..	..			
3	Mathur Kodardas ..	..	2,780	2 5 6	2 10 10	2 10 1	2 12 1	2 12 8	2 10 10	..	..	..			
4	Narayan Balvant Joshi ..	2,880	2,780	2 8 6	..	..	..	..	..	..	..	..			
	Total ..	..	..	8 13 5	7 9 11	5 2 8	7 2 10	7 11 10	7 12 2	2 11 7	2 1 6	2 9 4			

				<i>Abstract of totals of each village for the respective nine months.</i>											
1	Dahivall	..	..	..	10 14 0	14 0 7	14 10 5	18 0 0	18 8 7	7 13 8	5 11 4	5 8 7	5 9 5		
2	Neral	..	..	..	15 13 7	21 0 4	18 6 10	12 4 4	13 6 3	17 9 1	13 14 7	11 8 6	5 3 4		
3	Khopoli	..	..	..	25 15 9	16 0 5	18 14 1	12 2 11	12 12 8	12 14 7	4 11 8	10 8 8	5 4 8		
4	Chowk	..	..	..	8 13 5	7 9 11	5 2 8	7 2 10	7 11 10	7 12 2	2 11 7	2 1 6	2 9 4		
	Total	..	..	..	61 8 3	59 4 3	52 2 0	49 10 1	52 7 4	46 1 1	27 0 9	29 10 10	13 10 9	..	..
	Average	..	..	..	2 3 2	2 5 11	2 5 11	2 7 8	2 10 0	2 8 11	2 11 8	2 11 2	2 10 8	22 10 8	2 8 3

*Note.*—The average rate of Rs. 2-8-3 for these centres as found in the present enquiry works out a fall of 16.1 per cent. below the Settlement rate.

Belgaum,  
17th October 1938.

P. L. BENNI,  
Assistant Commissioner, Southern Division, Belgaum,  
and Special Enquiry Officer, Karjat Land Revenue Dispute.

APPENDIX C.

Statement showing the average rate of paddy per standard maund of 3,200 tolas for Karjat Town and four other centres in the Karjat Taluka.

Serial No.	Name of the village.	Average rates for the respective months as worked out in appendices A and B.									Total.	Average rate for all the Centres as found in the present enquiry.
		January 1937.	February 1937.	March 1937.	April 1937.	May 1937.	June 1937.	July 1937.	August 1937.	September 1937.		
1	2	3	4	5	6	7	8	9	10	11	12	13
		Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.		
1	Karjat ..	7 1 1	7 4 5	4 9 5	7 11 7	8 6 7	5 4 5	5 9 9	5 9 10	2 11 11		
2	Dahivall ..	10 14 0	14 0 7	14 10 5	18 0 0	18 8 7	7 13 8	5 11 0	5 8 7	5 9 5		
3	Neral ..	15 13 7	21 0 4	18 6 10	12 4 4	13 6 8	17 9 1	13 14 7	11 8 6	5 3 4		
4	Khopoli ..	25 15 3	16 0 5	13 14 1	12 2 11	12 12 8	12 14 7	4 11 3	10 8 3	5 4 8		
5	Chowk ..	8 13 5	7 9 11	5 2 8	7 2 10	7 11 10	7 12 2	2 11 7	2 1 6	2 9 4		
	Total ..	68 9 4	66 8 8	56 11 5	57 5 8	60 13 11	51 5 6	32 10 2	35 4 8	21 6 8		
	Average ..	2 3 5	2 6 0	2 5 10	2 7 11	2 10 4	2 9 1	2 11 6	2 11 5	2 10 10	22 12 4	2 8 5

Note.—The rate of 2-8-5 as found in the present enquiry works out a fall of 15.8 per cent. below the Settlement Rate.

P. L. BENNI,  
Assistant Commissioner, S. D., Belgaum,  
and Special Enquiry Officer, Karjat Land Revenue Dispute.

Belgaum. 17th October 1938.

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**APPENDIX D.**

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[APPENDIX D.

Statement showing the retail prices of paddy in local seers per rupee as supplied by the traders at Karjat to the Taluka Office from January to September 1937 ; prices recorded in the price register and also in standard seers per rupee and also for standard maund of 3,200 tolas.

Month.	Local seers per rupee as supplied by the traders in the Mamlatdar's rough note-book.		Local seers per rupee as noted in the Taluka price Register			Standard seers of 80 tolas per rupee, calculated from the average in Column 6.	Rupee rate per standard maund of 3,200 tolas as calculated from the Mamlatdar's figures in Column 7.	Rupee rate for a standard maund of 3,200 tolas as now found in the present enquiry (Vide Appendix A).	Remarks	
	1st fortnight.	2nd fortnight.	1st fortnight.	2nd fortnight.	Average for the month.					
1	2	3	4	5	6	7	8	9	10	
						S.	C.	Rs. a. p.	Rs. a. p.	
January 1937	.. .. 24	{ 22 } 25	24	22	23	14	11	2 11 8	2 5 8½	One local seer has been taken at the weight of 51 tolas by the Mamlatdar for calculating rates in Column 8 for January, August and September and at 52½ tolas for other months.
February 1937	.. .. ..	....	20	20	20	12	12	3 0 9	2 6 9½	
March 1937	.. .. 20	{ 22 } 20	20	22	21	13	6	2 14 5	2 4 8½	
April 1937	.. .. { 20 } 18	20 } 18	20	20	20	12	12	3 0 9	2 9 2½	



May 1937	..	..	20	20	20	20	20	12	12	3	0	9	2	12	10½
June 1937	..	..	20	20	20	20	20	12	12	3	0	9	2	10	2½
July 1937	..	..	20	20	20	20	20	12	12	3	0	9	2	12	10½
August 1937	..	..	19	19	19	19	19	12	2	8	4	10	2	12	11
September 1937	..	..	19	19	19	19	19	12	2	8	4	10	2	11	11
Total	..	..	.....	.....	182	182	182	116	1	27	7	6	23	7	3½
Average	..	..	.....	.....	20 1	20 1	20 1	S. C. A.		12	14	2	3	0	8

Note.—(i) The rate of Rs. 3-0-10 (Column 8) as reported by the Mamlatdar works out arise of 1·7 per cent. above the settlement rate of Rs. 3.

(ii) The rate of Rs. 2-0-8 as now found in the present enquiry works out, on the other hand, a fall of 13·2 per cent. below the settlement rate of Rs. 3.

P. L. BENNI,  
Assistant Commissioner, S. D., Belgaum,  
and Special Enquiry Officer, Karjat Land Revenue Dispute.

Belgaum, 17th October 1938.

## APPENDIX

Statement showing the figures of prices of paddy per rupee in standard and Khalapur Petha, for the

Year.	January	February	March	April	May	June	July
							<i>Karjat</i>
1914 ..	12 9 0	12 9 0	13 4 0	13 4 0	13 4 0	13 4 0	13 4 0
1915 ..	15 14 0	15 14 0	15 14 0	15 14 0	15 14 0	15 14 0	15 0 0
Total ..	28 7 0	28 7 0	29 2 0	29 2 0	29 2 0	28 4 0	28 4 0
Average for Karjat .	14 3½ 0	14 3½ 0	14 9 0	14 9 0	14 9 0	14 2 0	14 2 0
							<i>Khalapur</i>
1914 ..	14 1 0	14 1 0	13 12 0	13 12 0	12 2 0	12 2 0	12 2 0
1915 ..	15 5 0	14 0 0	14 0 0	14 0 0	14 9 0	14 3 0	13 8 0
Total ..	29 6 0	28 1 0	27 12 0	27 12 0	26 11 0	26 5 0	25 10 0
Average for Khalapur.	14 11 0	14 ½ 0	13 14 0	13 14 0	13 5½ 0	13 2½ 0	12 13 0
Average for Karjat .	14 3½ 0	14 3½ 0	14 9 0	14 9 0	14 9 0	14 2 0	14 2 0
Average for Khalapur.	14 11 0	14 ½ 0	13 14 0	13 14 0	13 5½ 0	13 2½ 0	12 13 0
Total ..	28 14½ 0	28 4 0	28 7 0	28 7 0	27 14½ 0	27 4½ 0	26 15 0
Average for Karjat and Khalapur.	14 7½ 0	14 2 0	14 3½ 0	14 3½ 0	13 15½ 0	13 10½ 0	13 7½ 0

E.

seers and chhataks, as recorded in the Price Registers of Karjat Taluka  
years 1914 and 1915.

August	September	October	November	December	Total	Average for the year in seers and chhataks per rupee	Rate per Standard maund of 3,200 tolas	Remarks.
<b>Taluka.</b>								
13 4 0	13 4 0	13 4 0	14 9 0	15 14 0	161 9 0	13 7 0	2 15 7	
15 0 0	10 2 0	12 8 0	12 8 0	12 8 0	172 0 0	14 5 0	2 12 8	
28 4 0	23 6 0	25 12 0	27 1 0	28 6 0	333 9 0	27 12 0	5 12 3	
14 2 0	11 11 0	12 14 0	13 8½ 0	14 3 0	166 12½ 0	13 14 0	2 14 1	
<b>Petha.</b>								
12 2 0	12 7 0	12 12 0	15 5 0	15 5 0	159 15 0	13 5 0	3 0 0	
12 2½ 0	10 13 0	10 13 0	12 2 0	12 2 0	157 9½ 0	13 2 0	3 0 9	
24 4½ 0	23 4 0	23 9 0	27 7 0	27 7 0	317 8½ 0	26 7 0	6 0 9	
12 2½ 0	11 10 0	11 12½ 0	13 11½ 0	13 11½ 0	158 12½ 0	13 3½ 0	3 0 5	
14 2 0	11 11 0	12 14 0	13 8½ 0	14 3 0	166 12½ 0	13 14 0	2 14 1	
12 2½ 0	11 10 0	11 12½ 0	13 11½ 0	13 11½ 0	158 12½ 0	13 3½ 0	3 0 5	
26 4½ 0	23 5 0	24 10½ 0	27 4 0	27 14½ 0	325 8½ 0	27 1½ 0	5 14 6	
13 2½ 0	11 10½ 0	12 5½ 0	13 10 0	13 15½ 0	162 12½ 0	13 9 0	2 15 3	i.e., Rs. 3 in round figure as adopted by the Settle- ment Officer in the 2nd Re- vision Settle- ment.

## APPENDIX

*Showing the rates realised by merchants and others for one standard from their accounts in the*

Serial No.	Name.	1914.				
		Jan.	Feb.	Mar.	Apr.	May.
			Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1	Karjat -- ..					
2	Dahivali--					
	1. Vishnu Ganesh Medhi .. ..	.. ..	.. ..	.. ..	.. ..	.. ..
3	Neral--					
	1. Matukchand Javerdas .. ..	.. ..	.. ..	.. ..	.. ..	3 0 0
	2. K. G. Sugavekar .. ..	3 6 3	.. ..	.. ..	.. ..	.. ..
	Total .. ..	3 6 3	.. ..	.. ..	.. ..	3 0 0
	Average .. ..	3 6 3	.. ..	.. ..	.. ..	3 0 0
4	Khopoli -- ..					
5	Chowk--					
	1. Virchand Amichand .. ..	2 14 2	2 13 11	3 0 8	3 2 6	3 4 0
	2. Nopa Krishnaji .. ..	2 14 4	.. ..	.. ..	.. ..	3 3 9
	3. Virchand Narayan .. ..	2 14 0	.. ..	3 3 4	3 0 8	.. ..
	Total .. ..	8 10 6	2 13 11	6 4 0	6 3 2	6 7 9
	Average .. ..	2 14 2	2 13 11	3 2 0	3 1 7	3 3 10
	Total for all the centres for 1914. ..	12 0 9	2 13 11	6 4 0	6 3 2	9 7 9
	Average for all the centres for 1914..	3 0 2	2 13 11	3 2 0	3 1 7	3 2 7

F.

*maund of 3,200 tolas for Kolamba paddy, in 1914 and 1915 as verified present enquiry.*

June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Total.	Average.
Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
No accounts forthcoming.								
--	--	2 13 8	--	2 9 10	--	--	5 7 6	2 11 9
3 0 4	--	--	3 3 8	--	--	--	--	--
3 4 1	2 13 10	--	--	2 11 9	2 11 9	2 6 2	--	--
6 4 5	2 13 10	--	3 3 8	2 11 9	2 11 9	2 6 2	--	--
3 2 2	2 13 10	--	3 3 8	2 11 9	2 11 9	2 6 2	23 7 7	2 14 11
No accounts forthcoming.								
3 4 5	3 2 11	3 2 9	3 0 10	2 9 10	2 8 4	2 8 11	--	--
--	--	--	--	2 12 10	--	--	--	--
--	--	--	--	--	--	--	--	--
3 4 5	3 2 11	3 2 9	3 0 10	5 6 8	2 8 4	2 8 11	--	--
3 4 5	3 2 11	3 2 9	3 0 10	2 11 4	2 8 4	2 8 11	35 11 0	2 15 7
9 8 10	6 0 9	6 0 5	6 4 6	10 12 3	5 4 1	4 15 1	--	--
3 2 11	3 0 4	3 0 2	3 2 3	2 11 1	2 10 0	2 7 6	35 6 4	2 15 2

## APPENDIX

Serial No.	Name.					
		Jan.	Feb.	Mar.	Apr.	May.
	1915.		Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1	Karjat .. ..					
2	Dahivali—					
	1. Vishnu Ganesh Medhi .. ..	.. ..	.. ..	.. ..	.. ..	.. ..
3	Neral—					
	1. Malukchand Javerdas .. ..	.. ..	.. ..	.. ..	.. ..	.. ..
	2. Hajimiya Naze (1916) .. ..	2 11 2	.. ..	.. ..	2 11 9	.. ..
	3. K. G. Sugavekar .. ..	2 3 0	.. ..	.. ..	.. ..	2 10 1
	Total .. ..	4 14 2	.. ..	.. ..	2 11 9	2 10 1
	Average .. ..	2 7 1	.. ..	.. ..	2 11 9	2 10 1
4	Khopoli .. ..					
5	Chowk—					
	1. Virchand Amichand .. ..	2 10 2	2 13 7	2 13 8	2 13 9	2 13 4
	2. Nopa Krishnaji .. ..	.. ..	.. ..	.. ..	.. ..	.. ..

F—contd.

1914

June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Total.	Average.
Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
No accounts forthcoming.								
..	..	2 14 1	3 4 5	3 10 9	..	..	9 13 3	3 4 5
3 1 3	3 4 7	3 6 3	..	..	..	..	..	..
..	..	..	..	..	..	3 6 3	..	..
..	..	3 3 1	..	3 6 7	3 0 2	..	..	..
3 1 3	3 4 7	6 9 4	..	3 6 7	3 0 2	3 6 3	..	..
3 1 3	3 4 7	3 4 8	..	3 6 7	3 0 2	3 6 3	27 4 5	3 0 6
No accounts forthcoming.								
2 13 1	3 1 3	3 1 5	3 7 9	3 10 2	3 5 2	3 2 7	..	..
..	..	3 3 9	..	..	..	..	..	..

## APPENDIX

Serial No.	Name.	1914.				
		Jan.	Feb.	Mar.	Apr.	May.
5	Chowk— <i>contd.</i>	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
	3. Indarchand Pomaji ..	..	..	..	..	..
	4. Virchand Naryan ..	..	..	..	..	..
	<b>Total ..</b>	<b>2 10 2</b>	<b>2 13 7</b>	<b>2 13 8</b>	<b>2 13 9</b>	<b>2 13 4</b>
	<b>Average ..</b>	<b>2 10 2</b>	<b>2 13 7</b>	<b>2 13 8</b>	<b>2 13 9</b>	<b>2 13 4</b>
	<b>Total for all the centres for 1915 ..</b>	<b>7 8 4</b>	<b>2 13 7</b>	<b>2 13 8</b>	<b>5 9 6</b>	<b>5 7 5</b>
	<b>Average for all the centres for 1915..</b>	<b>2 8 1</b>	<b>2 13 7</b>	<b>2 13 8</b>	<b>2 12 9</b>	<b>2 11 8</b>
	<b>1914 ..</b>	<b>3 0 2</b>	<b>2 13 11</b>	<b>3 2 0</b>	<b>3 1 7</b>	<b>3 2 7</b>
	<b>1915 ..</b>	<b>2 8 1</b>	<b>2 13 7</b>	<b>2 13 8</b>	<b>2 12 9</b>	<b>2 11 8</b>
	<b>Total ..</b>	<b>5 8 3</b>	<b>5 11 6</b>	<b>5 15 8</b>	<b>5 14 4</b>	<b>5 14 3</b>
	<b>Average for 1914 and 1915 ..</b>	<b>2 12 1</b>	<b>2 13 9</b>	<b>2 15 10</b>	<b>2 15 2</b>	<b>2 15 1</b>



F—*contd.*

June.	July.	Aug.	Sept.	Oct.	Nov.	Dec.	Total.	Average.
Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
..	..	..	3 6 6	3 10 1	..	..	..	..
2 7 7	..	3 4 7	..	..	..	..	..	..
5 4 8	3 1 3	9 9 9	6 14 3	7 4 3	3 5 2	3 2 7	..	..
2 10 4	3 1 3	3 3 3	3 7 1	3 10 1	3 5 2	3 2 7	36 8 3	3 0 8
8 5 11	6 5 10	19 1 2	10 2 8	14 5 7	6 5 4	6 8 10	..	..
2 12 8	3 2 11	3 2 10	3 6 3	3 9 5	3 2 8	3 4 5	36 4 11	3 0 5
Abstract of the above entries for two years.								
3 2 11	3 0 4	3 0 2	3 2 3	2 11 1	2 10 0	2 7 6	..	..
2 12 8	3 2 11	3 2 10	3 6 3	3 9 5	3 2 8	3 4 5	..	..
5 15 7	6 3 3	6 3 0	6 8 6	6 4 6	5 12 8	5 11 11	..	..
2 15 9	3 1 7	3 1 6	3 4 3	3 2 3	2 14 4	2 13 10	35 13 5	2 15 9

P. L. BENNI,  
Assistant Commissioner, S. D., Belgaum  
Belgaum, 17th October 1938. and Special Enquiry Officer,  
Karjat Land Revenue Dispute.

## APPENDIX

*Statement showing the average rates of paddy per standard maund  
Karjat*

Serial No.	Name of village.	Totals of each village for			
		Dec. 1936.	Jan. 1937.	Feb. 1937.	March 1937.
		Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
1	Karjat .. .. .	5 15 11	7 1 1	7 4 5	4 9 5
2	Dahiwalli .. .. .	14 0 0	10 14 0	14 9 7	14 10 5
3	Neral .. .. .	16 14 6	15 13 7	21 0 4	18 6 10
4	Khopoli .. .. .	22 2 7	25 15 3	16 0 5	13 14 1
5	Chowk .. .. .	8 9 0	8 13 5	7 9 11	5 2 8
	Grand Total ..	67 10 0	68 9 4	66 8 8	56 11 5
	Average ..	2 0 9	2 3 5	2 6 0	2 5 11

*Note.*—The average rate for the whole taluka including Karjat town for 10 months comes to Rs. 2-7-8,  
The prices for Karjat town alone for 10 months, if separately worked out, will show a fall of

G.

of 3,200 tolas for 10 months, i.e., from December 1936 to September 1937, taluka.

the respective 10 months:						Total.	Average rate for 10 months.
April 1937.	May 1937.	June 1937.	July 1937.	August 1937.	Sept. 1937.		
Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.		
7 11 7	8 6 7	5 4 5	5 9 9	5 9 10	2 11 11		
18 0 0	18 8 7	7 13 3	5 11 0	5 8 7	5 9 5		
12 4 4	13 6 3	17 9 1	13 14 7	11 8 6	5 3 4		
12 2 11	12 12 8	12 14 7	4 11 3	10 8 3	5 4 8		
7 2 10	7 11 10	7 12 2	2 11 7	2 1 6	2 9 4		
57 5 8	60 13 11	51 5 6	32 10 2	35 4 8	21 6 8		
2 7 11	2 10 4	2 9 1	2 11 6	2 11 5	2 10 10	24 13 1	2 7 8

which works out a fall of 17.4 per cent. below the Settlement rate.

15.1 per cent.

P. L. BENNI,  
 Assistant Commissioner, S. D., Belgaum,  
 and Special Enquiry Officer,  
 Karjat Land Revenue Dispute.



**REPORT**

**OF**

**The Land Mortgage Committee**

**PUBLISHED BY**

**The Standing Committee**

**OF THE**

**Bombay Presidency Co-operative Banks'**

**Conference.**

**1934**

**Price Annas 4**



X6261, 231. N36  
GA

No. C. N. F.—281 of 1934.

*Camp via Poona I: April 19, 1934.*

To

THE SECRETARY TO THE GOVERNMENT OF BOMBAY,  
Revenue Department, Secretariat,  
BOMBAY 1.

Sir,

*Subject:—Land Mortgage Committee Report.*

In pursuance to Government Memorandum, R. D. No. 6576-A/24, dated 4th October 1933, we herewith submit our report.

2. As a result of the discussions at the Co-operative Round Table Conference in the first week of June 1933 at Poona, Government decided to convene a Conference to examine the question of development of land mortgage banking with a view to relieve agricultural indebtedness. Government later on decided to entrust the enquiry to a Committee composed of the following:—

- |   |                               |
|---|-------------------------------|
| 1. K. L. Panjabi, Esq., I. C. S.,<br>Registrar of Co-operative Societies,<br>Bombay Presidency, Poona | } <i>Chairman.</i>            |
| 2. V. L. Mehta, Esq., B.A., Bombay.   | } <i>Members.</i>             |
| 3. Prof. V. G. Kale, M.A., Poona.   |                               |
| 4. G. P. Murdeshwar, Esq., B.A., LL.B.,<br>Bombay.  |                               |
| 5. Dewan Bahadur A. U. Malji, Broach.   |                               |
| 6. Khan Bahadur A. A. Deshmukh,<br>Pachora.   |                               |
| 7. Fakirappa B. Laxmeshwar, Esq.,<br>Kurtkoti (Dharwar).  | } <i>Co-opted<br/>Member.</i> |
| 8. S. N. Pochkhanawalla, Esq., J.P.,<br>Central Bank of India, Bombay                                 |                               |

3. The question of land mortgage banks in this Presidency was originally considered at the Gujerat Divisional Co-operative Conference in April 1923, when a Committee was appointed to consider the question in detail. In 1926, Mr. J. A. Madan, C.I.E., I.C.S., the then Registrar of Co-operative Societies, submitted to Government a scheme for institution of land mortgage banks and this was considered at the Conference called by the Honourable Minister in charge of co-operation. A Committee was appointed to draft a detailed scheme which was approved by Government in G. R., B. D. No. 6576/24, dated 28th September 1926. Government approved of the registration of two land mortgage banks at Dharwar and at Broach as an experimental measure to be financed provisionally by the Bombay Provincial Co-operative Bank and agreed to buy its debentures worth 5 lakhs of rupees carrying 4 per cent. interest at such discount as would not involve Government any loss. In order to provide the land mortgage banks with sufficient capital, the services of a land valuation officer for one year, free of cost, for each bank were also provided. An additional bank for Pachora was also approved later, and it was registered in 1926, while those at Broach and Dharwar were registered in January 1929. Debentures to the value of two lakhs of rupees issued by the Bombay Provincial Co-operative Bank at 88 per cent. of their face value were also purchased by Government.

4. The Broach and Dharwar Banks finance members throughout the district, while Pachora Bank's operations are limited to the taluka itself. Every loan has to be finally sanctioned by the Bombay Provincial Co-operative Bank and the Registrar. The limit of individual finance has been fixed at Rs. 10,000. The bulk of the loans given by these three banks has been chiefly for redemption of prior debt and in a few cases only the loans have been advanced for installing of costly machinery and for the improvement of land. Membership has been restricted to borrowers only but intending borrowers can also join. The Board of Directors of the primary banks include a nominee of the Registrar and of the Provincial Bank and one elected by the debenture holders residing within the area of



operations of these banks. The position of these three banks as on 31st March 1933 was as follows :—

L. M. Bank.	No. of members.	No. of Loans.	Amount of loans advanced.	Average loan per member.
1	2	3	4	5
Dharwar	74	68	Rs. 1,36,825	Rs. 2,912
Pachora...	197	55	1,16,702	2,181
Broach ...	291	67	1,19,020	1,786
	562	190	3,72,547	1,961

Continued.

(2)

L. M. Bank.	Loans out-standing.	Loans overdue.	Loans from the Provincial Bank.	Deposits.	Share Capital.	Reserve Fund.	
						Profit.	Loss.
	6	7	8	9	10	11	12
Dharwar ...	Rs. 1,25,489	Rs. 1,812	Rs. 1,25,490	Rs. ...	Rs. 7,505	Rs. 3,489	Rs. - 2,784
Pachora ...	1,08,475	7,578	1,08,475	5,621	6,215	1,965	- 317
Broach ...	88,694	...	89,694	1,670	6,325	40	- 741
	3,22,658	9,390	3,23,659	7,291	20,045	5,494	- 3,842

Out of Rs. 3,72,547 advanced by these Banks about Rs. 8,000 have been advanced for a period up to 5 years, Rs. 44,060 for a period from 5 to 10 years and the rest, with the exception of two cases, for a period of 20 years. In these two cases, the period has been fixed at 25 and 30 years. The overdues are 40 per cent. of the demand, and out of 181 borrowers, 49 have defaulted. The Broach Bank has no overdues at all. The overdues in Pachora and Dharwar Banks are due mainly to the phenomenal fall in prices which could not be foreseen at the time the estimate of repaying capacity was made. The cotton and groundnut crops in Dharwar and Pachora, during the last two years, have also suffered heavily due to excessive rain. The estimate of the repaying capacity of borrowers has proved defective, in that sufficient allowance for variations in prices or for unfavourable seasons had not been made. Consequently, in bad years, no extension for the period of repayment of the loans could be given. In addition to the above factors, some constitutional defects have also been responsible for this state of

affairs. Only borrowers or intending borrowers are eligible for membership, and consequently, in unfavourable years there is not sufficient pressure exercised by the Board to secure repayment of the instalments. The powers of the Boards of the primary banks have been too meagre to stimulate interest in the working of these banks.

5. However, as far as the ultimate security for these loans is concerned, it is adequate, because as against the outstandings of Rs. 3,22,658, the lands mortgaged have been valued at the present time at Rs. 10,58,782. The experience of these Banks has clearly shown that in case of these long-term loans, the basis for calculation should be the prices averaging through an equally long-term and that the possibility of unfavourable season should also be provided for. The experiment in Broach District has proved very encouraging due, no doubt, to efficient handling and comparatively favourable crops; and as the working of the Banks at Dharwar and Pachora has not revealed any insuperable objections militating against the success of these Banks, we are definitely of opinion that the extension of the system of land mortgage banks on the lines laid down in our recommendations is not only feasible but eminently desirable.

6. At present, the Provincial Bank has been functioning as a Central Land Mortgage Bank through a separate department. A margin of 2 per cent. was kept between the borrowing and the lending rate and the primary banks kept no margin at all, as it was thought that they would not have any substantial expenses to incur and that in case of a deficit budget the Provincial Bank would give a suitable grant. The sources of income for the primary banks have been the following :—

- (1) Entrance fees ;
- (2) Valuation charges ; and
- (3) Interest on investment of their share capital subscribed by the members.

The Provincial Bank during these three years of working has suffered a paper loss of Rs. 15,496. Out of this, Rs. 9,120 constitute the sinking fund for debentures created by setting apart 1 per cent. of the face value of the debentures issued from the gross profits of the Land Mortgage Department of the Bank. A sum of Rs. 3,445 is recoverable from two primary land mortgage banks for grants

given to them. However, as the primary banks have not got sufficient assets, about Rs. 1,000 out of this sum will have to be written off. The net loss of about Rs. 7,375 is due to the inadequacy of the margin of 2 per cent., to cover the expenses of both the banks, the interest charges which had to be paid on the loan advanced by Government but ultimately returned owing to the prohibitive rate of interest, and to the curtailment of operations necessitated by the uncertainty as regards availability of finance, while the staff had to be continued. The money raised by the Provincial Bank has been as follows :—

- (1) Debentures to Government at 88 per cent....2 lakhs
- (2) Debentures to the Broach Bank at 88 per cent.,  
Rs. 62,000.
- (3) Debentures to the Surat People's Bank at 94 per cent.,  
25,000.
- (4) Debentures to the Bombay Life Insurance Company  
at 96 per cent.....Rs 2,13,000.

7. The agricultural depression, unprecedented for its range, extent and severity, has shown the urgency for the provision of long-term credit for agriculturists. Owing to the phenomenal fall in prices, the burden of indebtedness has more than doubled, while the margin of profit, owing to absence of any corresponding fall in the expenses of cultivation, has greatly dwindled. The normal process of transfer of land from improvident agriculturists to moneylenders or good agriculturists has been greatly accelerated, with the result that even good and thrifty agriculturists who contribute to the stability of the rural areas are faced with the necessity of either selling out their land or repudiating their debts. The latter step is necessarily distasteful to them, for both from policy as well as sentiment, repudiation is considered disastrous. The past records show that during the great famine of 1901, the agriculturists disposed of all the resources in order to meet their liabilities even at the risk of facing starvation and death. Such repudiation, they also know, will affect their future credit very adversely. The transfer of land from the improvident or the negligent cultivator to the industrious and thrifty agriculturist either directly or through the channel of the moneylender has been going on for ages and no one can prevent it, but the thrifty and stable agriculturist who forms a fairly large proportion of the population can be saved from the

present crisis by provision of long-term capital on a reasonable basis.

8. While the depression has not so far appreciably affected the production of crops, it is bound to do so in the near future. The moneylenders, partly owing to panic and partly to the absence of liquid resources, are not in a position to supply finance for current cultivation. Even the co-operative societies have considerably restricted their operations owing to lack of repaying capacity on the part of the borrowers. Under the circumstances, particularly in case of the larger holdings, either part of the land will be left uncultivated or sown with crops which require little capital outlay either in the shape of manure, irrigation or labour charges. The smaller holders are reserving their resources rather than discharging their liabilities so as to be able to carry on under the present circumstances.

9. Past indebtedness which involves control over the debtor as regards the disposal of the produce necessarily restricts the market for the crops, so that the prices obtained by agriculturists cease to have any reasonable relation to the cost of production. Also owing to the lack of liquid resources in the rural areas there is, very often, difficulty in the sale of produce which has not got a foreign market. We wish to point out that if the agriculturists are forced into repudiation of liabilities, the reestablishment of their credit later on will be an extremely difficult process and considerable chaos will be the natural corollary.

10. There is already a simmering discontent in the rural areas with regard to the cash liabilities of agriculturists. Political parties, anxious to take advantage of the situation, have the provision of land mortgage credit with State assistance as the main plank of their programme. During the past few years the harvests have been normal, but we cannot fully envisage the danger of the situation in case of a partial failure of crops. The chief reason for the institution of land mortgage credit is the necessity of stabilizing good and deserving agriculturists who are creditworthy.

11. In addition to the above, there are certain favourable circumstances for an extension of the land mortgage system at present. The rural moneylenders at present are in a mood to compound their dues by accepting smaller cash payments and this opportunity should not be lost. We have been told that the Pachora Land Mortgage Bank has in some cases been able to secure reduc-

tion of as much as 40 per cent. of the paper liabilities and that similar discount will at present be obtainable in most of the districts. This programme of debt conciliation can be carried out by the land mortgage banks and we are recommending elsewhere that this should form an important duty of the land mortgage bank and that cases where considerable reduction can be secured and which are otherwise eligible should be given preference for finance by the land mortgage banks.

12. The other factor favourable for the institution of land mortgage banks is the abundant supply of funds in the money market and the easy terms on which money against sound security can be raised. We are of opinion that this opportunity should not be lost.

13. In view of the fall in prices of agricultural produce, the adoption of means for increasing the income of the agriculturists has become imperative. Although illiteracy, lack of initiative and indifference have militated against the adoption of improved means of cultivation by agriculturists, yet lack of adequate finance on easy terms must have also been a cause. Consolidation of holdings, improvement of minor irrigation sources and of livestock, bunding operations in order to conserve moisture and the introduction of costly implements must consequently have been held up. Our scheme of land mortgage finance also provides for capital for the introduction of improved methods of agriculture for raising the income of the producer which has become so necessary at present.

14. The co-operative credit societies have been unable to cope with this situation, for with the short-term resources at their command they have not been able to confer appreciable benefits or to release the grip of the money-lender over the agriculturist. Until short-term credit is buttressed by long-term credit, it cannot effectively tackle the problem of rural indebtedness.

15. The necessity of long-term finance to the agriculturists having been established, we must now consider the various agencies which can provide it. A Government Bank for this purpose would be only an extension of the takavi system on an organised basis. No State can successfully tackle a banking enterprise of this sort, and for this very reason it has been rarely attempted in any country. The interests of the borrowers would be also limited to obtaining loans and there would be no scope for developing self-help and the capacity to organise among the agriculturists. The management also is likely to be very expensive and this would react on the cost

of the credit supplied by the banks, if they are to run on a self-supporting basis. The Joint-Stock Banks established for this purpose are equally unsuitable for the same reasons, particularly as their aim will be chiefly to get as much profit as possible for themselves. In addition, it would not be possible for such Banks to raise the necessary long-term capital without Government assistance at least in the shape of guarantee of interest, and as such guarantee presumes effective control over the institutions, co-operative banks for this purpose are more suitable, as the control exercised under the Co-operative Societies Act is sufficiently effective for safeguarding the interests of Government. It is also our experience that the management of co-operative banks is cheaper, as honorary services are available, and particularly in this case the agency of co-operative societies for securing information about the assets and repaying capacity of the borrowers can be utilised. Land mortgage credit can only be effective if it is given at the cheapest rates possible, and in the case of co-operative banks there are already severe restrictions on profiteering. The safeguards against the grant of inadequately secured finance can also be provided by the control of the Registrar over the Banks in respect of the grant of loans, and above all, the borrowers will participate in the management and in the profits earned after defraying the necessary expenses. This participation in management will bring to the co-operative banks an intimate touch with the rural areas, which would be sadly lacking in the case of any other type of institution. Further, in case of co-operative land mortgage banks, the short-term credit required by the borrower could be supplied by the credit societies in the same area, so that the requirements of the borrower both in respect of short-term and long-term needs will be supplied adequately by co-operative organisations.

16. The success of the land mortgage bank would depend, besides the suitability of the areas in respect of economic conditions, on two main factors, viz., the availability of good workers, both official and non-official, and the supply of capital at as low a rate of interest as possible. We cannot sufficiently emphasize the necessity of efficient staff to be maintained by these banks. Initial valuation of assets and income, together with the periodical revaluation of the assets, is of prime importance, and for the efficient performance of this duty it is necessary that the valuation officers should be men of integrity and should possess sufficient knowledge of this type of work. Nor can the enthusiasm, zeal and efforts of the non-official workers be overlooked, as experience in other provinces has shown that the

success of the institution mainly depends on them. They supply local knowledge, local influence and local guidance. Only to the extent to which devoted workers of this type are available, can we entertain any hope that the institution would run well. Under the present scheme in Bombay the control has been over-centralized in the Provincial Bank. Experience has shown that the success of the local institutions is in direct proportion to the interest and enthusiasm of the local Directors.

17. Another factor necessary is a low rate of interest and this intimately depends on the measure of assistance from Government, the rigidity of the valuation of the properties mortgaged and the general credit and the resources of the institution issuing the debentures. We have already indicated the reasons why these banks should receive full support of Government and why the existing co-operative credit societies working on a basis of short term deposits cannot give long-term loans for this purpose, for it would be both unsound and risky. Long-term capital, however, cannot be raised in the market without special Government assistance, and we recommend that Government should guarantee both the principal and the interest of the debentures issued by a Central Bank for a specified sum. Without such guarantee money could not be raised to such a large extent, and if it can be raised at all, it will be only at a prohibitive rate of interest. The Madras Government have guaranteed debentures issued by the Central Land Mortgage Bank to the extent of 50 lakhs at a rate of interest not exceeding  $6\frac{1}{2}$  per cent. The earlier issues of debentures at this rate of interest are, however, now being redeemed and substituted by debentures carrying a lower rate of interest. A Bill (No. V of 1933) is now being introduced by the Madras Government for guaranteeing the principal of the debentures also, so that these debentures could be classed as "Trust Securities" made more attractive and consequently floated at a lower rate of interest. With all the safeguards that we propose in respect of the appointment of the appraisers and nomination on the Board of Directors of these Banks, we can only repeat what has been stated in the Royal Agricultural Commission's Report that "It is extremely unlikely that the guarantee of interest will ever involve Government in loss, while the sinking funds are increasing at a rate which should prevent the debentures from falling much below par for any considerable period. It is improbable that such issues will in any degree restrict the market for Government loans, so that the State is able to inspire confidence in an important movement without any loss or embarrassment to itself".

18. In order to safeguard Government interests as well as to subsidise these banks which would otherwise work at a loss in the initial stages, Government should lend the services of valuation officers free of cost at least for a period of 3 years, as has been done in Madras where the services of 14 appraisers called 'Sub-Deputy Registrars', each being in charge of four banks, are lent free of cost to these banks. As the work develops, it will not be possible for the Registrar to look to it properly. In Madras, they have already appointed two Deputy Registrars, each in charge of about 20 banks. In addition, the Government of Madras have given a grant of Rs. 29,000 during the last three years to defray the expenses of the Central Land Mortgage Bank. This assistance from Government may look rather extravagant, but in addition to what has been done in Madras, we have still a better precedent in the munificent assistance given by Government in Great Britain in 1928. The Agricultural Credit Act of 1928 provides a subsidy of £ 10,000 per annum for a period of 10 years, to defray the cost of administration of the 'Mortgage Corporation' established by that Act. A sum of £ 750,000 to be paid during three years has been sanctioned as a Guarantee Fund for this Corporation free of interest for 60 years and the Treasury has been authorised to underwrite the debentures to be issued by the Corporation upto a sum of £ 5,000,000 and even to subscribe to the debentures up to an amount not exceeding one-fourth of each issue of debentures and not exceeding in the aggregate £ 1,250,000. Such Government subsidies could not have been given unless it was felt that the scheme of land mortgage credit could not work without such help. As a matter of fact, land mortgage banks have received active and generous support from Government in all countries. Our specific suggestions for Government assistance are that the Provincial Government should guarantee the debentures issued by the Co-operative Central Land Mortgage Bank both as regards principal and interest up to a sum of 50 lakhs of rupees in the first instance, at a rate of interest not exceeding 5 per cent. per annum. Debentures should be issued only to the extent of loans advanced and against definite security. The liability to Government would be limited to the extent of the actual issue. In return, Government should nominate the Trustee or Trustees for these debentures. Government should lend the services of trained men for the purposes of valuation of assets for a period of three years in the case of each bank free of charge, and they should also give a grant to the Central Land Mortgage Bank to the extent of the actual deficit in its budget limited to Rs. 10,000 a



year. We might point out that as we have provided for a margin of 3 per cent. between the rate at which the Central Bank would borrow and the rate at which the primary bank would lend the deficit, except in the initial stages, is not likely to occur at all, but as a trained staff particularly for the superior posts will be necessary and as any economy in this respect would be fatal to the success of these institutions, Government may have to incur some expenditure in this respect in the earlier stages. These debentures should also be classed as 'Trust Securities', so as to add to their attractiveness and reduce the rate at which they can be floated. Besides, the appointment of the trustee by Government, Government should also have a right to nominate two Directors on the Board of the Central Land Mortgage Bank out of the total maximum strength of nine and one representative on the Board of each primary bank; and the Registrar of Co-operative Societies should have the power of appointment, transfer and dismissal of the appraisers of these banks when they are maintained at the cost of the banks. The Trustee or Trustees appointed by Government should hold all the mortgage deeds assigned by the primary banks to the Central Land Mortgage Bank and the Central Land Mortgage Bank should issue the debentures only with the approval of the Trustee. In addition, we recommend that the Land Mortgage Bank, notwithstanding anything contained in the Transfer of Property Act, 1882, should have the power, in default of payment of the mortgage money or any part thereof, to bring the mortgaged property to sale without the intervention of the Court, provided a notice in writing is served on the persons who have any interests in, or charge upon, the property mortgaged and their objections have been heard by the Bank. The sale shall be conducted by an officer appointed for the purpose by the Registrar and by public auction. In case an amount in excess of the liabilities of the bank is realised, the surplus should be returned to the owner or owners in proportion to their interests in the property. These provisions are the same as are sought to be conferred by Government by Section 12 of the Bill (No. V of 1933) to be introduced in the Madras Province. In addition to the above, we recommend that Government should authorise the supply of certificates from Registry Offices, showing the transactions in respect of the properties offered for mortgage to the land mortgage banks during the last 20 years. This facility has also been given to the Land Mortgage Banks in Madras by Government, as it is necessary that a complete history of the property forming the security of the

debentures should be available to the land mortgage banks free of cost.

19. In order to widen the scope of operations of these Land Mortgage Banks and to spread the benefits to as large a number of persons as possible, we recommend that wherever possible, the land mortgage bank, instead of paying out the entire sum for redemption of prior debt, after effecting a moderation of the debts by amicable settlement, should agree to pay the creditor in such instalments as would be recovered from the borrower. This may be done either directly or by asking his creditor to keep the sum as a deposit in the bank, repayable in instalments for a period fixed for the payment of the debt by the borrower. This would simply mean that the land mortgage bank acts as the intermediary for effecting a conciliation as far as the paper debt is concerned and for guaranteeing the repayment of the instalments as fixed. If the debentures issued by the land mortgage bank are guaranteed by Government as regards the principal and interest, we anticipate that several creditors would agree to the above proposal, and the money raised from the debentures will in that event be necessary only when, owing to unfavourable seasons, the instalments are not paid regularly.

20. Such a scheme offers all the advantages of voluntary conciliation of debts at the lowest cost possible and without either restricting the benefits to a narrow section of the public or involving Government in undue risk. The information supplied by the local directors of co-operative banks as regards the valuation of the assets and the repaying capacity of the borrower will be very valuable, as they would be intimately in touch with the area. Also, the conciliation effected by the influence of these Directors who have intimate knowledge of the surcharges by the different money-lenders will be related to the actual circumstances of each case, and the pressure for repayment of the instalment due by men of local influence and knowledge will go a long way towards securing punctual repayments.

21. With regard to the machinery for supplying this finance, we consider that the present arrangement whereby the Bombay Provincial Co-operative Bank performs the functions of a Central Land Mortgage Bank is entirely unsuitable. The Provincial Bank works mainly on short term deposits and the utilisation of part of its funds for long-term investments in this manner is likely to react on its credit. Besides, this is a special type of business which requires distinctive handling and expert staff. We envisage a

considerable extension of land mortgage banking under our scheme, and for this purpose the resources in men and money of the Provincial Bank would not prove adequate and hence the Provincial Bank is reluctant to continue this line of activity. We are of opinion that for the successful consummation of our scheme the registration of a Central Land Mortgage Bank is imperative.

22. The object of such a Bank would be to finance the primary land mortgage banks by issuing debentures, to inspect their working and to give them general advice and help in their operations.

23. The constitution of such a Bank is suggested in the draft bye-laws in appendix A. The distinctive features are the introduction of individual members, the provisions with regard to issue of debentures, the constitution of the Board of Directors, the rules governing the grant of loans, the utilisation of the recoveries from the borrowers and the circumstances under which the period of repayment of the instalment can be extended.

24. The membership of the Bank should be open not only to primary land mortgage banks but also to eligible individuals, as the introduction of non-borrowing individual share-holders, according to the experience in the Madras Province, is likely to conduce to business strictness in the management of the Bank. It may be argued that this is a departure from the strict co-operative principle of confining the benefit of the profits primarily to the borrowers. But experience has shown that the profits in land mortgage banking where the rate of interest has to be kept as low as possible are very meagre. Besides, we have further curtailed the profits by further providing for a 50 per cent. contribution to the Reserve Fund and checked any tendency towards profiteering by fixing the maximum dividend payable at  $6\frac{1}{2}$  per cent. It is very unlikely that the individual shareholders will ever get more than a fair return on their capital while the Bank will be able to enlist the co-operation of public-spirited gentlemen and secure valuable guidance which would act as a check on any unhealthy tendency on the part of the borrowing members. The Bank should be on a limited liability basis, the liability of the share-holders being limited to the unpaid portion of the share capital.

25. The Central Land Mortgage Bank should issue bearer debentures of the denomination of Rs. 100 each at par with interest coupons, and varying in period from 15 to 25 years according to requirements. The rate of interest payable should be fixed by the

Board of Directors with the approval of Government and according to the prevailing market conditions in respect of similar loans or issues guaranteed by Provincial Government. While issuing debentures, preference should be given to Co-operative Banks, if they want to purchase the debentures. The debentures should be issued against the definite security of land mortgaged to primary land mortgage banks and assigned to the Central Land Mortgage Bank as and when required to the extent of the loans actually advanced. The mortgage deeds should be held by the trustee or the trustees appointed by Government. Interest on these debentures should be payable every six months for a period ending 31st of December and 30th of June in order to make the debentures more attractive. The instalments payable by the borrowers should be fixed in such a manner as to bring in before the due date the amount payable as interest. The debentures should be redeemable at six months' notice at the option of the bank, any time after 5 years from the date of issue. No debenture holders, however, can demand repayment of the value of the debenture before the expiry of the period for which the debenture was issued. The powers of the Board of Directors in the matter of investment or deposit of surplus fund or redemption of debentures should be subject to the control of the trustee or the trustees appointed by Government.

26. The management of this Bank should be vested in a Board of Directors formed annually at the General Meeting and should consist of not more than 9 persons of whom two shall be nominated by Government, one shall be representative of the Provincial Co-operative Bank, one shall be representative of the Provincial Co-operative Institute, 3 shall be elected by the Primary Land Mortgage Banks grouped into regional constituencies when their number exceeds the number of Directors to be elected and one should be elected by individual members when their number exceeds 10 but not 50, and two Directors when their number exceeds 50. These should form a separate constituency. The Board should elect a chairman and a vice-chairman from among themselves.

37. The funds of the Central Land Mortgage Bank should be utilised for loans to primary land mortgage banks only. All applications for loans to primary banks should be subject to the sanction of the Central Land Mortgage Bank. The Central Land Mortgage Bank should have the right to demand additional security in case the original security has depreciated or deteriorated and in case of default, to regulate the loan,

28. The period for which the loans are advanced should not exceed 20 years except with the previous sanction of the Registrar. It should, however, be  $\frac{3}{4}$ ths of the period for which the debenture has been issued so as to allow for a margin of time that may be necessitated by extension of the date of repayment of instalment under abnormal conditions. The margin of rate of interest between borrowing and lending rates of the Central Land Mortgage Bank should be  $1\frac{1}{2}$  per cent.

29. Recoveries should be strictly enforced unless extraordinary conditions necessitate a renewal. Payments before due dates should be accepted and the Central Land Mortgage Bank may require the primary land mortgage bank to give it sufficient notice in such cases. Subject to the approval of the trustee or the trustees, the recoveries may be used:—

- (a) for issuing a fresh loan for a period limited to that for the redemption of debentures issued on that security ;
- (b) for purchasing its own debentures ;
- (c) for redemption of debentures ; and
- (d) for investment in securities or in a mode permitted under the Act.

30. Loans should be renewed only in exceptional cases and in any case not more than once in four years and only after the agreed interest is fully recovered. The mode of repayment should be by a system of equated instalment. Forfeited shares, recoveries of fine and entrance fees and 50 per cent. of the net profits every year should be credited to the Reserve Fund. Out of the balance, a dividend not exceeding  $6\frac{1}{2}$  per cent. may be paid. The Reserve Fund should be invested in Government Securities or in such manner as the Registrar permits and should not be drawn upon except with his sanction.

#### PRIMARY LAND MORTGAGE BANKS.

We consider that a careful and detailed enquiry conducted by the officers of Co-operative Department with the help of those of the Agricultural and Revenue Departments should be made before a land mortgage bank is registered. Undue haste in this respect is likely to prove fatal to the scheme. The causes and extent of the indebtedness and how far the land mortgage can relieve it should

be ascertained first. The ability to organise themselves and the capacity for thrift among the prospective borrowers should be examined. Their sense of loyalty towards their obligations as evinced by the success or otherwise of co-operative societies in the areas would be a valuable index of the suitability of the tract. Disinterested local workers capable of giving effective lead to the agriculturists should be available for working on the directorate. In order to ensure punctual repayments the liability of the tract in respect of deficient water supply and partial failure of crops should be ascertained from the figures of annawaris of crops of past years available in the land revenue records. The tract selected should have fairly regular rainfall or suitable irrigational facilities. The extent to which the paper dues of the prospective borrowers can be reduced by amicable settlement with the creditors should form an important consideration for selection of the area.

32. In appendix 'A' we attach a copy of the draft bye-laws suggested by us. We give below our observations on the salient points.

33. The area of operations of land mortgage banks should be as compact as possible, but it should be selected with a view to secure a suitable economic unit, which we consider to be about 100 borrowers requiring finance to the extent of Rs. 2 to 2½ lacs. If these conditions can be secured in a taluka, there is a promise of good and economic management, but failing that, the areas of operations may be larger but should never extend beyond a revenue district.

34. Membership should not be restricted to borrowers only, but should be open to non-borrowers also. As in the case of Central Land Mortgage Banks, we are of opinion that the introduction of non-borrowing members is likely to conduce to business strictness in the management of the Bank, and as there are severe restrictions on profiteering, we think that the provision of admission of non-borrowing members will be availed of only by public-spirited leaders whose guidance and local influence is likely to be a definite asset to the Bank. The co-parceners of the borrower may also be admitted to a distinct class of membership in order to facilitate dealings with them, but they should have no right of vote or participation in management. Non-borrowing members should hold at least 10 fully paid-up shares of Rs. 5 each. The borrowing members should hold fully paid-up shares to the extent of 5 per cent. of their borrowings. The co-parceners of borrowers should each hold

at least one share of the nominal value of one rupee. The share capital so raised should be deposited or invested in the shares of the Central Land Mortgage Bank, provided the investment in shares shall not be less than 5 per cent. of its borrowings from the Central Land Mortgage Bank at any time. The liability of a member should be limited to the amount remaining unpaid, if any, on the shares subscribed by him.

35. The loans may be given to persons resident within the area of the Bank who are or would become holders of agricultural land with the help of the loan, provided the co-parceners of such members are willing to enrol themselves as distinct class of members and sign the mortgage bond. While granting loans, preference should be given to those persons asking for smaller sums and also to those that can take out endowment policies on their life. Reduction of the dues with the help of the loan from the Land Mortgage Bank should be an important factor and, if possible, the Bank should secure from the creditor an arrangement by which the amount finally decided upon should be paid in such instalments as will be recoverable from the borrower. Except with the special sanction of the Registrar no loan should be given in excess of Rs. 10,000. Loans up to Rs. 5,000 can be sanctioned by the Central Land Mortgage Bank on the recommendation of the primary bank and loans in excess of that amount should be subject to the approval of the Registrar. Ordinarily, the period for which loans should be given should be limited to 20 years, but this can be exceeded with the special sanction of the Registrar. The objects for which the loans should be given should be :—

- (1) Redemption of lands and houses of agriculturists ;
- (2) Improvement of land and methods of cultivation ;
- (3) Installation and purchase of costly agricultural plant and machinery ;
- (4) Liquidation of old debts ; and
- (5) Purchase of land for the purposes of land improvement or consolidation of holdings or for bringing under cultivation cultivable waste, forest or fallow land.

36. The management of new Banks should, in the first instance, be vested in a Board nominated by the Registrar for a period varying from one to three years according to the availability or otherwise of suitable local workers. Thereafter, the Board

should be annually constituted at the General Meeting. It should consist of 4 Directors elected by the members, of whom at least one should be a non-borrowing member, one should be nominated by the Central Land Mortgage Bank, one by the District Central Co-operative Bank operating in the area, one by Government and one by the Provincial Institute. The powers of the primary banks should be to examine the loan application, nature of the security offered and the capacity of repayment of the borrower, to effect settlement of the dues between the applicant and his creditors, to recommend the grant of loans or otherwise to the Central Bank, to effect recoveries and in case of misapplication of the loan, to recall it or to demand further security in case of depreciation of the assets. The valuation of the asset as well as an estimate of the income of the applicant should be made by land valuation officers lent by Government in the initial stages and later on appointed by the Registrar at the cost of the Bank. The rate of interest charged by the Primary Banks should not exceed  $1\frac{1}{2}$  per cent. over the rate at which funds are borrowed from Central Bank. The Bank should, in addition, recover the valuation charges and the fees for examination of legal title on a scale fixed with the approval of the Registrar. The security demanded for the loan should be the first mortgage with possession of freely transferable land of the value of at least twice the amount of the loan granted and yielding such income as would, on a reasonable calculation, if leased out, fetch an amount equal to the instalment due on the loan. This security should be revaluated periodically, at least once in three years, and in case of depreciation below the margin of safety, additional security should be demanded, and in case of default, the whole loan should be recalled. The two systems of recovery by means of equated instalments or equal instalments of principal have both their advantages and disadvantages. However, as equated instalments appear to be more suitable as being within the means of repayment of the borrower and easily understood by him, we recommend that this system should be introduced. No extension of the date of repayment should be granted unless the interest is recovered and the conditions really justify it, such as failure of crops, but in any case such facility should not be given more than once in four years, and when such extension is granted, all future instalments of principal should be pushed forward by one year.

37. The land mortgaged to the primary bank should not be subsequently encumbered, transferred or alienated in any manner



without the previous sanction of the Bank and it should also be one of the conditions that the produce from the mortgaged land should be sold through the co-operative sale organisation, wherever existing.

38. Out of the net profits of the Bank, 50 per cent. should be carried to the Reserve Fund, and out of the balance a dividend not exceeding  $6\frac{1}{2}$  per cent. may be declared.

39. In conclusion, we would like to urge the early adoption of our scheme, as the circumstances at present are such as to demand without delay the provision of long-term credit on the lines recommended by us. These circumstances have been set forth fully in our report, but we would emphasise here, particularly the pressing need of the agriculturists to reduce the burden of their cash liabilities, the likelihood of securing facilities from the sowkars for the settlement of their outstanding claims, and the prevalence of abnormally easy conditions in the money market. In case this favourable opportunity is missed, the pressure of debt may grow to such an alarming extent that it may lead to agrarian discontent and may shake the foundations of rural economy. We may note that in view of the situation created by the present depression, steps have already been taken in other provinces and in Indian States to set up some special machinery for land mortgage credit, and we hope that the Government of Bombay also will not fail to give their urgent attention to this question.

We have the honour to be,

Sir,

Your most obedient servants,

(Sd.) K. L. PUNJABI,

*Chairman.*

(Sd.) A. U. MALJI,

(Sd.) V. G. KALE,

(Sd.) A. A. DESHMUKH,

(Sd.) G. P. MURDESHWAR,

(Sd.) F. B. LAXMESHWAR,

(Sd.) VAIKUNTH L. MEHTA,

(Sd.) S. N. POORKHANAWALA,

*Members.*

## APPENDIX A.

**BYE-LAWS OF THE BOMBAY CENTRAL LAND  
MORTGAGE BANK, LIMITED**

1. The Bank, which is registered under the Bombay Co-operative Societies Act, 1925, shall be called the Bombay Central Co-operative Land Mortgage Bank, Ltd.

2. Its registered address will be .....  
In the event of any change in the address, notice of such change shall be given to the Registrar within 8 days of the change and published in a local newspaper.

3. In these bye-laws, "the Bank" means the Bombay Central Co-operative Land Mortgage Bank, Ltd., "primary bank" means a district co-operative land mortgage bank registered under the Bombay Act VII of 1925 with the object of granting long-term loans to its individual members, "the Board" means the Board of Directors of the Bank, "Government" means the Government of Bombay, "Act" means the Bombay Co-operative Societies Act, 1925, and "Rules" mean the Rules under the Act for the time being in force.

**AREA OF OPERATIONS.**

4. The area of operations of the Bank may extend to the whole of the Bombay Presidency, excluding Sind.

**OBJECT.**

5. The primary object of the Bank shall be to finance the primary banks.

6. In order to fulfil the object, it shall have the power to—
- (a) float debentures, on the security (of its assets and) of land mortgages <sup>assigned</sup>/<sub>transferred</sub> to it by the primary banks for such period and on such conditions as may be approved by Government.
  - (b) receive deposits and borrow loans;
  - (c) grant loans to primary banks on such terms consistent with their bye-laws as the Board shall decide;
  - (d) acquire such immoveable assets and construct such buildings as it may consider necessary for the proper conduct of its business;
  - (e) supervise the working of the affiliated primary banks; and

- (f) appoint such staff as it considers necessary for the conduct of its own affairs and for supervision of the affiliated primary banks.

#### MEMBERSHIP.

7. Every primary bank situated within the area of operations of the Bank and any person resident within the area who has not borrowed from any primary bank, is of over 18 years of age and is competent to contract is eligible for admission to membership.

8. Every primary bank or person applying for membership shall

- (a) make a written application for admission ;
- (b) pay up in full the (face) value of at least one share ;
- (c) pay an entrance fee of Rs. .... ; and
- (d) satisfy the conditions prescribed in bye-law 7.

*Note* :—The signatories to the original application for registration are exempt from the condition in bye-law 8 (a).

9. Any application for admission may be rejected and any application for subscription to share capital may be rejected or a smaller number of shares than applied for, may be allotted by the Board without assigning any reason.

10. With one month's notice by the Board, the General Body may expel

- (a) any affiliated primary bank or suspend its managing committee or any elected member thereof, for persistent mismanagement of its affairs or wilful disobedience of its own bye-laws or deliberate omission or commission of any act likely to damage the credit of the Bank ;
- (b) any person if he wilfully deceives the Bank by false statements, or is criminally convicted, or is bankrupt or legally disabled or intentionally does any act likely to injure the credit of the Bank,

*Note*.—Expulsion may involve the forfeiture of any or all shares held by the member.

11. One year after the date of admission and on discharge of all liabilities owing to the Bank, a member may resign by an application in writing ; but the resignation shall take effect only after it is approved by the Board.

12. Any person who is a member may, by writing under his hand, attested by at least two witnesses and deposited with the Bank, nominate any person, other than a servant or officer of the

Bank, to whom the whole or a part of his share or interest in the Bank shall be transferred in the event of his death, provided the nominee is a member or is admitted as a member or to whom shall be given the sum representing the value of his share or interest in the Bank as at the time of his death and as ascertained in accordance with the rules or bye-laws of the Bank.

13. (a) A primary bank shall cease to be a member if it is expelled under bye-law 10 (a) or is dissolved or if with the approval of the Board it resigns its membership or transfers all shares held by it.

(b) A person shall cease to be a member on death or on expulsion under bye-law 10 (b) or if with the approval of the Board, he resigns or transfers all shares held by him or borrows from any primary bank.

#### FUNDS.

14. The funds of the Bank may be raised by

- (a) Shares;
- (b) Debentures;
- (c) Entrance fees and miscellaneous fees;
- (d) Deposits; and
- (e) other borrowings,

provided the funds raised in accordance with byelaw 14 (b, d and e) shall not exceed 20 times the paid-up share capital and the reserve fund and those raised in accordance with byelaw 14 (d) and (e) shall not exceed two times the paid up share capital and the reserve fund.

#### SHARE CAPITAL.

15. The authorised share capital of the Bank shall be Rs. .... made up of ..... shares of the face value of Rs. .... each.

16. The full face value of each share shall be paid in a lump sum on allotment.

17. One year after holding a share or shares, any member may transfer them with the approval of the Board to any other member or to any other person or primary bank that is to be admitted as a member. The transfer shall not be complete until the name of the transferee has been entered in the share transfer register and such fee as the Board may prescribe has been paid.

18. The paid-up share capital held by an affiliated primary bank shall at no time be less than 5 % of its borrowings from the Bank.

19. The liability of a member shall not exceed the amount unpaid, if any, on the share or shares for which he or his estate is liable.

#### DEBENTURES.

20. (a) The Board may issue debentures with a floating charge on the mortgages transferred to the Bank by the affiliated primary banks for such periods as the Board may determine from time to time. The period of debentures so determined shall not be less than 15 and not more than 25 years ;

(b) The debentures shall be issued at par as bearer debentures of the denomination of Rs. 100 each, with half-yearly interest coupons attached. The debentures (guaranteed by Government) shall bear interest at such rate as may be determined by the Board with the approval of Government (and as is warranted by the conditions of the money market and the rate of interest allowed on similar issues guaranteed by Government).

(c) The debentures actually in circulation shall not at any time exceed the total value of mortgage deeds <sup>assigned</sup> transferred to the Bank by the primary bank,

(d) The Board shall be competent to redeem any debentures after five years from the date of their issue; but in such cases at least 6 months' previous public notice shall be given.

21. The Government shall appoint a trustee or trustees whose duty shall be to see that the Bank fulfils its obligations to the debenture-holders. They may require the Bank to transfer its interest in the mortgages <sup>assigned</sup> transferred to it by the primary bank. The investment or deposit or the surplus funds of the Bank, the disposal of recoveries paid in by the primary banks and the redemption of debentures shall be subject to the control of the trustees.

22. (a) Any debenture, which by reason of damage or defacement sustained has become unfit for circulation, will be replaced at the request of the holder on giving up the damaged or defaced debenture, provided the essential marks of its genuineness and identity are recognisable.

(b) The re-issue shall always be made under the same number with the addition of the word "renewed" and shall

be made at the cost of the owner of the debenture concerned.

23. The debenture shall be signed and executed by at least two members of the Board and shall be countersigned by the manager. The Bank shall have power to provide a common seal to be used for debentures and other deeds and documents of the Bank and the same shall not be used except by the authority of the Board and in the presence of at least one member of the Board.

24. No debenture-holder can claim the repayment of the value of his debenture before the expiry of the period for which it was issued.

25. Every debenture-holder whose debenture is redeemed on notice under bye-laws 20 (d) shall be paid the sum for which the debenture was issued together with all interest due thereon upto the date of redemption. Debentures in respect of which notice of redemption has been given must be given up on the expiry of the term mentioned in notice. Failure to hand in the debenture within the period mentioned in the notice shall result in extinction of the claim of the debenture-holder upon the Bank for interest accruing after the expiry of the said period.

26. Notwithstanding anything contained in bye-law 20, the previous sanction of the trustee or trustees shall be necessary for

- (a) the issue of debentures or
- (b) the conversion of one class of debentures into another class bearing a different rate of interest.

#### MANAGEMENT.

27. (a) The executive management of the Bank shall vest in a Board of Directors consisting of a maximum of 9 persons of whom
- (i) two shall be nominees of Government (of whom the Registrar shall be one),
  - (ii) one shall be a representative of the Bombay Provincial Co-operative Bank Ltd ;
  - (iii) one shall be a representative of the Bombay Provincial Co-operative Institute ;
  - (iv) three shall be elected by the primary banks, grouped into regional constituencies when the number of such banks exceeds the number of Directors to be elected, and

- (v) one shall be elected by a constituency of only individual members when their number exceeds 10 but not 50 or two shall be elected when their number exceeds 50.
- (b) For purposes of election of Directors under bye-law 27 (a) (iv and v), the delegates of primary banks and the individual members shall meet separately at the appointed place and time after the commencement of the proceedings of the annual general meeting under the chairmanship of the President or in his absence of any delegate or member, as the case may be, who may be elected to preside over the meeting.
28. (a) The Board shall be elected annually at the annual general meeting of the Bank and shall hold office, till a new Board is constituted and assumes office, provided it shall be competent to the general body to remove an elected member of the Board at any time and elect a successor for the unexpired period of his tenure of office.
- (b) Retiring directors shall be eligible for re-election.
29. Every Director shall vacate his office (a) if he becomes insolvent or (b) if by reason of mental or bodily infirmity, he becomes incapable of acting or (c) if he absents himself from 4 consecutive meetings of the Board or (d) if after his election on the Board by the constituency of individual members, he ceases to be a member of the Bank or becomes a borrower in any primary bank or (e) if, after his election on the Board by a constituency of primary banks, he ceases to be a member of any of the primary banks forming the constituency by which he was elected or becomes a defaulter for any debts owing him to any primary bank.
30. Any vacancy occurring in the elective seats on the Board shall be filled by co-option by the remaining members of the Board for the unexpired term of its office. Vacancies occurring in the nominated seats shall be filled by fresh nominations by the agency that has made the original nomination.
31. As soon as a new Board is constituted, it shall proceed to elect a President from among its directors. The President or in his absence the person chosen by the meeting shall preside over all meetings of the Bank and the Board.
32. The meetings of the Board may be held for the disposal of business, adjourned and otherwise regulated as the Board thinks fit.

33. Five shall form a quorum for the meeting of the Board. All questions shall be decided by a majority. Should there be equality of votes, the person presiding over the meeting shall have a casting vote. No Director shall be present at the meeting when any matter in which he is personally interested is ( being discussed or ) voted upon.

#### THE DUTIES AND POWERS OF THE BOARD.

34. ( a ) It shall be the duty of the Board

( i ) to maintain such accounts and registers as are prescribed by the rule 14 under the Act and by the Registrar from time to time ;

( ii ) to convene the annual and special general meetings, to publish the notice and the agenda of such meetings and to place before them all such matters as are to be dealt by them under these bye-laws ;

( iii ) to carry on correspondence with Government, the Registrar and any institution or person, and

( iv ) to arrange for the supervision of the affiliated primary banks.

( b ) The powers of the Board are :—

( i ) to raise or borrow such sums as may be required from time to time for the purposes of the Bank in accordance with and subject to the provisions of these bye-laws ;

( ii ) to prescribe from time to time the scale of office establishment and to incur such expenditure as may be necessary for the management of the Bank subject to the limits sanctioned in the budget allotment by the general body.

( iii ) To fix the amount and nature of security, if any, to be given by the manager and the staff employed by the Bank under bye-law 34 ( b ), ( ii and iii ) ;

( iv ) To suspend, with the previous approval of the Registrar for a period not exceeding 6 months, the managing committee as a whole or any member of the said committee of any affiliated primary bank for gross mismanagement of its affairs or for wilful disobedience of the Bank's orders or deliberate breach of its own byelaws. During the period of such suspension of the Committee as a whole, the



Board shall, with the approval of the Registrar, make such arrangements for the necessary conduct of the business of the primary bank concerned as it deems fit.

- (v) To delegate to the manager for the time being of the Bank and to authorise him to exercise and perform any of the powers and duties conferred or imposed on the Board, subject to such conditions and restrictions as the Board may think proper to impose. All acts done by the manager in conformity with such regulations and in fulfilment of the purposes of such appointment, but not otherwise, shall have the like force and effect as if done by the Board themselves.
- (vi) To deal with applications for loans and extensions received from primary banks, to obtain such information as is relevant to their disposal, to determine the security, period of repayment, rate of interest and such other terms relating to the loans sanctioned to the affiliated primary banks and to determine the terms on which extensions are granted.
- (vii) Subject to the control of the trustee or trustees as the case may be, (a) to invest the money at its credit in any investment or deposit authorised by clauses (a), (b) and (d) of sub-section 1 of Section 37 of the Act or in other securities approved by the Registrar, and (b) to proceed against the primary banks or the mortgagors or against both in case of default of payment of moneys due to the Bank.
- (viii) Subject to the control of the trustee or trustees as the case may be, and also the provisions of bye-law 20 (a) to redeem the debentures in advance of their period and (b) to determine from time to time the value of debentures to be redeemed in advance of their period.
- (ix) Subject to the provisions of the Act, Rules, these bye-laws and resolutions of the general body, to exercise all such powers, enter into all such agreements, make all such arrangements, take all such proceedings, do all such acts and things as may be necessary and proper for the due management of the

affairs of the Bank and for carrying out the objects of the Bank and for securing and furthering its interests.

- (x) It shall be competent for the Board to frame subsidiary bye-laws for the conduct of the business of the Bank consistent with the Act, the rules and these bye-laws, which shall come into effect only after they are approved by the Registrar.
35. (a) The Board shall cause minutes to be made in books to be provided for the purpose of the following matters :—
- (i) of the names of members of the Board present at each meeting of the Board
  - (ii) of the proceedings of all general meetings ;
  - (iii) of the proceeding of all meetings of the Board.
- (b) All such minutes shall be signed by the person presiding at the General or Board meeting or by the person who shall preside at the next General or Board meeting respectively, at which the business minuted shall have been transacted and all minutes purporting to have been signed by any person presiding over the General or Board meeting respectively shall for all purposes whatever be prima facie evidence of the actual and regular passing of the resolutions and transaction or occurrence of the proceedings, purporting to be so recorded and of the regularity of the meeting at which the same shall appear to have taken place and of the chairmanship and signature of the person appearing to have signed as chairman.

36. All acts done in good faith by the Board shall, notwithstanding that it is afterwards discovered that there is some defect in the appointment of such Board or person on the Board, be as valid as if the Board or every such person has been duly appointed.

#### POWERS OF OFFICERS.

37. Subject to such resolutions as the Board may from time to time pass, the several officers of the Bank shall have the powers mentioned bellow :—

- (a) The President shall have a general control over all the affairs of the Bank. He shall also have powers to appoint the members of the establishment, except the manager,

as well as to punish, suspend or dismiss them subject in the last two cases, to the approval of the Board.

- (b) The manager shall be responsible for the executive administration of the Bank subject to the control of the President. He shall be the officer to sue and be sued on behalf of the Bank and all bonds in favour of the Bank shall be in the name of the manager. All bonds by the Bank except those of money borrowed shall be executed by the manager and those of moneys borrowed shall be countersigned by him. He shall sign the cash book in token of its correctness and shall be competent to incur contingent expenditure subject to a maximum of Rs. 100 for any item. He shall, in consultation with the President or in his absence, any Director authorised by the President, convene meetings of the Board. He shall attend all meetings of the Bank and the Board and record the minutes of their proceedings and do such other work as may be entrusted to him. In the absence of the manager the President of the meeting may require any member of the establishment to record the said minutes.
- (c) The manager, and to meet any temporary emergency, any other officer of the Bank, with the authorisation of the President, shall have power for and on behalf of the Bank to operate on the accounts to endorse and transfer any promissory notes, Government and other securities standing in the name of or held by the Bank, and to sign, endorse and negotiate cheques and other negotiable instruments, and to sign all receipts and all accounts and other documents (except the debentures which shall be countersigned by him) connected with the business of the Bank. The cash balance at the close of each day shall be taken charge of by the person appointed by the President for the purpose.
- (d) The manager shall have custody of all the properties of the Bank. He or in his absence, any other person authorised by the President, shall make disbursements in accordance with the directions of the Board.

38. The services of the Directors of the Board shall be gratuitous. They may, however, be granted a reasonable allowance within the scale prescribed by the General Body to meet their

out-of-pocket expenses while engaged on travelling or otherwise in the execution of their duties as Directors.

#### GENERAL BODY.

39. The general body of the Bank shall consist of the following members :—

- ( i ) The Directors of the Board ;
- ( ii ) Individual members, and
- ( iii ) Delegates representing the affiliated primary banks.

*Note.*—Every primary bank which is a member of the Bank shall each year at its annual general meeting appoint a delegate who shall represent the said primary bank at all general meetings of the Bank. The said delegate shall hold office so long as the said primary bank continues to be a member of the Bank or till a fresh delegate is appointed by the said primary bank at its general meeting.

40. The first General Meeting shall have the same powers and functions as any other General Meeting. It shall do the following before proceeding to transact any other business :—

- ( i ) Elect a person from among the original signatories present to preside over the meeting ;
- ( ii ) Formally adopt the bye-laws approved and registered by the Registrar ;
- ( iii ) Consider and dispose of applications for admission to membership.

41. ( a ) The Annual General Meeting of the Bank shall be held within three months after the date fixed for making up its accounts for the year under the Rules.

( b ) A Special General Meeting of the Bank may be called at any time by a resolution of the Board and shall be called within one month on the requisition in writing from:

- ( i ) one-fifth of the members of the bank or 15 whichever is less ;
- ( ii ) The Registrar, and
- ( iii ) The trustee or trustees.

The requisition shall state the object for which the special general meeting is to be called.

42. Ten days' clear notice shall be given to members for a meeting of the general body. The notice shall specify the date,

place and time of the meeting and the business to be transacted at the meeting. No subject not included in the agenda can be discussed at the meeting unless 2/3rds of the members present are in favour of it. But, even then, no question of expulsion of a member or amendment to a bye-law can be discussed without regular previous notice.

43. The General meeting shall, among other matters, deal with the following :—

- (i) To elect the Directors of the Board under bye-law 37 (a) (iv) and (v).
- (ii) To receive from the Board the balance-sheet and the report on the working of the Bank for the preceding year and to sanction the distribution of profits.
- (iii) To consider the audit and inspection reports received from the Registrar.
- (iv) To consider amendments to bye-laws.
- (v) To consider the expulsion of members under bye-law 10.
- (vi) To consider the complaints which any member may prefer against the Board.
- (vii) To appoint persons to audit the accounts of the Bank during the ensuing year and to fix their remuneration.
- (viii) To sanction the budget of the Bank for the ensuing year, and
- (ix) To do any other business duly brought forward.

44. Fifteen or 1/5th of the total number of members on the list at the time, whichever is less, shall form a quorum at a general meeting. If there is no quorum at any meeting convened in pursuance of a requisition under bye-law 41 (b) (i) it shall be dissolved and in other cases it shall stand adjourned for not less than 5 and not more than 10 days and the business of the meeting can be transacted even if there is no quorum at the adjourned meeting.

15. The President of the meeting or in his absence, any person chosen by the members present shall preside over the general meeting. All questions shall be settled by a majority of votes of the members present and voting. When votes are equal, the Chairman of the Meeting shall have a casting vote. The

voting shall be by show of hands. If 1/10th of members present demand a poll on any question, it shall be granted by the President and taken either immediately or within 15 days of the demand for a poll.

45. The funds of the Bank shall be primarily used for the purpose of granting loans to affiliated primary banks and the power to sanction such loans shall vest in the Board.

47. Loans due by way of principal from any affiliated primary bank shall not at any time exceed

- (a) the borrowing power of the said primary bank, as fixed from time to time in its bye-laws;
- (b) Twenty times the paid up value of the shares of the Bank held by the said primary bank; and
- (c) the value of mortgage deeds assigned transferred to the Bank by the said primary bank.

48. The application of a primary bank for a loan from the Bank shall be accompanied by applications for loans from members of the said primary bank, and the Bank shall be competent to make such further enquiries with regard to the security offered by, and the repaying capacity of, the intending borrowers and other matters connected with the said applications. In all cases the Bank is the sanctioning authority in respect of loans to individual members of affiliated primary banks. Other things in respect of the requirements for the sanction of loans to individual members of primary banks being equal, preference shall be given by the Bank to smaller loans as well as to loans in which the loanees agree to take out endowment policies on their life and to pay the periodical premia and to assign the policies to the primary bank as additional security.

49. The security for loans advanced by the Bank shall be the deed of first mortgage of freely transferable land passed by individual borrowers to the affiliated primary bank and assigned transferred by the latter to the Bank. In those cases where a life endowment policy is taken out by the ultimate borrower and is assigned by him to the primary bank as additional security, such policies will also be further assigned by the primary bank to the Bank as collateral security.

50. If for any reason the Bank is of opinion that the security originally offered for the loan borrowed from it has become inade-

quate or has deteriorated or depreciated or is about to become inadequate or deteriorated or depreciated, it shall be competent for the Bank to call upon the debtor primary bank, by a notice in writing, to offer additional security to its satisfaction within the period stipulated in the notice. Failure to comply with the requirements of the notice shall entitle the Bank to recall the loan concerned at once whatever be the original terms on which the loan was advanced. Any sum outstanding against a primary bank which has been expelled or which otherwise ceases to be a member of the Bank shall become immediately repayable<sup>o</sup> irrespective of any conditions on which the loan was granted.

51. The loans sanctioned to a primary bank shall be issued only after the assignment of mortgage deeds or life endowment policies or both as the case may be are assigned by the borrowing primary bank in favour of the bank.

52. The period of the loans granted by the Bank shall not ordinarily exceed  $\frac{3}{4}$ th the period for which the debentures issued are to run and shall in no cases exceed 20 years except with the previous sanction of the Registrar.

53. (a) The rate of interest on loans shall be determined in each case by the Board of Directors subject to a margin of  $1\frac{1}{2}$  per cent. being maintained between the rate on loans and rate on debentures and also subject to a maximum rate of...percent per annum on loans. It shall be competent to the Bank to charge a higher rate not exceeding...per cent. on unauthorised arrears of debts due to it, as well as to recall the whole or any part of the loan outstanding with the primary bank in case it defaults payment of any instalment or its part on the date fixed for payment.

(b) Interest shall be calculated on the balance of loan outstanding at each payment for half or full month according as the days elapsed from the due date or a corresponding date of any month, previous to the month of payment are less than 16 or more than 16 but not more than a full month respectively.

54. The loans granted by the Bank may be repaid either by a system of equated payments or by a system of equal instalments or principal together with full accrued interest to the date of payment on the loan outstanding before each payment. But the system of equal instalments of principal shall be introduced only with the previous approval of the Registrar.

55. It shall be open to the primary bank to repay a loan borrowed by it from the Bank wholly or partially before the date or dates fixed for repayment according to its convenience. It shall be competent to the Bank to require notice not exceeding... months from the borrowing primary bank in case of such advance payments.

56. The Board may renew loans only in abnormal cases of distress and only after enquiries and its satisfaction that such renewals are absolutely necessary. Such renewals shall not (on an average) be oftener than once in four years and shall be for a maximum period of one year. Renewal shall not be granted unless and until the interest accrued on the loan outstanding has been recovered in full to the date of recovery. When any instalment of a loan is renewed, all subsequent instalments may be pushed forward by a year.

56. When a member from whom money is due pays any sum, it shall be appropriated in the following order:—

- (1) Firstly to fines, postal registration and other miscellaneous charges due by the member;
- (2) Secondly, to interest; and
- (3) Thirdly, to principal.

#### PROFITS.

58. From the gross receipts of income interest paid and payable on debentures and other borrowings, all sums paid and payable on account of costs of management and all other sums chargeable to profit and loss account for the year for which the accounts are to be made up under the Rules shall be deducted and the balance remaining shall be treated as net profits. The net profits of the Bank shall be disposed of as shown below:—

(1) All forfeited shares, fines and entrance fees shall be credited entirely to the Reserve Fund;

(2) Of the remainder, 50% shall be carried to the Reserve Fund;

(3) Out of the balance, dividend at a rate not exceeding  $6\frac{1}{2}\%$  per annum may be paid to members proportionately to the amount of paid up share capital held by each and also the period during which the paid up share capital was so held during the year; and

(4) Any balance remaining may be allotted to any or all of the following or may be carried over:—



- ( a ) Dividend equalisation fund ;
- ( b ) Common good fund ;
- ( c ) Propaganda fund ;
- ( d ) Building fund ;
- ( e ) Bonus to staff.

#### RESERVE FUND.

59 (1) The Reserve Fund shall belong to the Bank as a whole and is intended to meet unforeseen losses. No member can claim a share in it. It shall be invested in such manner as the Registrar prescribes and shall not be drawn upon except with his sanction.

(2) On dissolution of the Bank the Reserve Fund shall be applied :—

- (i) to discharge such liabilities of the Bank as may remain undischarged after the enforcement in full of the liability of the members of the Bank ;
- (ii) to the repayment of share capital actually paid up ; and
- (iii) to the payment of dividend upon such paid up share capital at a rate not exceeding  $6\frac{1}{2}$  per cent. annum for any periods for which no dividend has been paid prior to the issue of the order for winding up of the Bank.

(3) Such portion of the Reserve Fund as shall remain after payments mentioned in sub-clause (2) shall, with the approval of the Registrar and in the manner approved by him be utilised in any or all of the following ways :—

- (a) investments till a new co-operative bank with similar objective is established ; or
- (b) distribution among the affiliated primary banks ; or
- (c) application to objects of public utility.

#### INSPECTION OF AFFILIATED PRIMARY BANKS.

60 (1) Every affiliated primary bank may be inspected whenever the Board thinks fit.

(2) Inspection shall be conducted by one or more of the Bank's officers or by any person or persons specially authorised by the Board for the purpose.

(3) The Officers of the affiliated primary bank shall afford every facility and assistance for such inspection,

61. (1) The inspection and examination of the affiliated primary bank shall be made in accordance with the rules drawn up by the Board and may embrace any or all the points of enquiry stated in the rules; and

(2) The result of the inspection shall be communicated to the affiliated primary bank concerned in such manner as may be determined by the Board.

62. The Bank (1) may require any affiliated primary bank to convene a general meeting and to take such steps for removal of the defects as it considers necessary; and (2) may draw up rules of procedure for the guidance of the affiliated primary banks and for the submission of periodical accounts and returns by them.

63. Every affiliated primary bank shall be bound to obey the orders and instructions issued by the Bank and to abide by these bye-laws and any subsidiary bye-laws and rules or any amendments made therein from time to time.

#### AMENDMENTS.

63. Subject to the Rules, bye-laws can be amended, provided that notice of the amendment has been given to the Registrar and to the members at least 10 days before the date of the general meeting. The amendments shall take effect only after they are registered under Section 16 (3) of the Act.

#### BALANCE-SHEET.

64. Within one month after the close of the year for which the accounts are to be made up according to Rules, the Board shall draw up the statements showing receipts and disbursements, assets and liabilities and profits and loss for the preceding year and such other statements or returns as the Registrar may prescribe from time to time and submit a copy of each of such statements and returns to the Government Auditor.

#### MISCELLANEOUS.

65. Every member of the Bank shall be supplied with a copy of these bye-laws.

66. The Bank shall be a member of the Bombay Provincial Co-operative Institute and pay its prescribed subscription.

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# CONTROLLED RURAL CREDIT LINES OF LEGISLATION

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(Being reprints of 9 articles published in the 'HITAVADA'  
from 10-9-1937 to 14-11-1937)

BY

K. G. SIVASWAMY.

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## CONTROL OF FUTURE RURAL MONEY LENDING

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The following articles have been contributed to the *Hivada* as a series by my colleague Mr K. G. Sivaswamy, B. A., of the Servants of India Society. During his stay in Poona in July and August, 1937, he made a close study of the existing Acts in the several provinces dealing with relief for and protection to Agriculturist Debtors. He has applied his long experience of rural conditions to the principles underlying these Acts and has outlined a general structure of relief measures which can be suitably adopted in the several provinces. He has also given a summary of the provisions of the existing Acts in support of his proposals.

Liquidation of past debts without simultaneously controlling future rural money-lending will repeat the same evils of accumulation of the irredeemable load of debt on the peasant. The writer therefore has recommended certain proposals to control money-lending as far as possible in the existing circumstances. Restriction of credit on the mortgage and sale of land is one of the measures for checking heavy borrowing incurred on the security of the high value of lands. With a view to prevent the growth of a landless proletariat the subsistence holding should be exempt from attachment and sale in execution of decrees. It should also be made inalienable except under certain conditions. The produce of a subsistence holder should also be exempt from attachment up to a certain portion which is necessary for his subsistence till the next harvest. The existing law regarding

exemption of implements of husbandry, cattle fodder, manure, and live-stock should be made more definite. A certain portion of the produce should also be exempt in insolvency as a margin for raising future credit.

The writer has analysed the provisions of the existing law how far they are helpful to the promotion of a sound agricultural banking in rural areas. The borrowing of unproductive loans to meet the costs of subsistence in years of failure of crops and deaths of cattle being a normal feature of the rural economy comprising a large number of uneconomic holders, mortgage loans on the security of land which could be repaid in instalments are sure to be incurred by such holders. Such loans should be restricted to 20 years, and be realisable in instalments. The courts, therefore, should decree only instalments in respect of agricultural loans. Mortgages should be restricted to 20 years and their terms should be revisable to a maximum of 20 instalments. In order to enable the courts to regulate them by quickening the application for suits the time bar for suits should be calculated from the date of the bond and not the last date of repayment. The life of a decree should be limited to 6 years. The rate of interest should not be more than what agriculture could pay as an industry on the amount invested in it. Where lands have to be temporarily alienated in execution of decrees of small holders, the Collector should be empowered to do so upto a maximum of 20 years. Where lands of small holders

above the minimum subsistence holding are sold, they shall be sold by the Collector at a fair price. Special provisions should be incorporated in the insolvency law providing for the application of these principles also in insolvency. The writer has also recommended that the courts should receive repayments by the debtors, and the collector should be empowered to summarily redeem mortgages of small holders.

The writer has devoted the last chapter to methods of regulating rural money-lending. Regular money-lenders should not only

maintain accounts, issue receipts to debtors, and supply copies of documents but also be brought under some form of audit review by the State. The writer concludes with a summary of the methods adopted in the several Acts for preventing unconscionable acts of money-lenders.

It is hoped that these suggestions would receive the close attention of the authorities and they would be adopted suitably to the conditions in the several provinces.

N. A. DRAVID,  
Editor, The HITAVADA, and  
Senior Member of the C.P. Branch.

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## PROTECTION OF AGRICULTURIST DEBTORS

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In a country of a large number of indigent cultivators it is necessary, in the interest of preventing economic distress and an increase in the number of landless labourers, that every step should be taken to conserve their sources of subsistence. Agriculture is possible by the poorer classes of cultivators only if they are not deprived of their instruments of production and ensured of minimum subsistence till the next harvest. Failure of crops and death of cattle over which they have no control, the uneconomic character of their holdings and want of supplementary occupations keep them in poverty and irredeemable debt. But what little resources they have, might be regulated in their distribution as to conserve them for their living, their occupation, and repayment of debts. Unlike business, agriculture takes a longer time of more than six months to yield an income to the cultivator. His staying power is less but he has to wait longer. In the existing conditions it is impossible to expect him to save what will be required for one year till the next harvest. To deprive him of his little produce in the shape of land revenue, rent, and repayment of loans and interest to the creditor just when he starts his agricultural occupation and thus make him incur more debts in the middle of the agricultural year at heavy rates of interest to buy cattle, its

fodder; and the domestic provisions will only economically weaken him further still, and consequently make him less and less fit to meet his obligations. Such a gradual deterioration of the rayat adversely reacts on the pursuit of agriculture as an industry and its productive value to the nation. The State, the landlord, the creditor, and the consumer must all be interested in conserving the resources of the rayat so that he may be enabled to carry on.

### The Unattachable Minimum

He should, therefore, have implements to cultivate, his cattle to plough and irrigate, his seeds to sow, enough cattle fodder to maintain the bullock power necessary for the farm, and enough food grains to maintain the man power of himself and his family necessary for the farm. He should have a farm house to tie his cattle and give shelter to himself and his family. What little he makes by way of wages earned by manual labour should be available for him for his market purchases. The calculation of these preliminary investments in agriculture in terms of money will indicate that no agriculturists with a minimum income of say Rs. 300 should have his produce attached or sold either for the payment of land revenue or rent or debts incurred. And it is this class of agriculturists that form the largest number of land-



owners among the agricultural population. If all their produce is made exempt from attachment, what will be its effect on the free flow of credit for the recurring and non-recurring expenses of agriculture, and the provisions for the home till the next harvest? And if the law enables the State, the landlord, and the creditor to attach the produce according to their claims, has agriculture as an occupation any future, will that day dawn when the peasant will not be stranded for want of his occupational requirements, will it be in the long run to the self-interest of the holders of superior rights in law over him, to deplete his resources year after year? Some immediate solution of the problem is necessary which will conserve his little resources for the raising of the next crop without in any manner tending to restrict his necessary credit requirements.

### The Law On The Subject

Section 60 of the Civil Procedure Code specifies the particulars that shall not be liable for attachment or sale in execution of a decree in the case of an agriculturist. The very indefinite nature of the clause (60 b) leaving it to courts to decide the sources of his livelihood has prevented fullest relief being given to an agriculturist in cases of attachment of produce. The interpretations, too, by the courts have shown the weak points in the working of the section, and the need of important amendments in the same.

The court has to decide "the implements of husbandry and such cattle and seed grain as may in its opinion be necessary to enable an agriculturist to earn his livelihood as much." In every case the court should declare that these are

'necessary' and then alone they are non-attachable for decrees. Writing on this clause the Select Committee of the Imperial Legislative Council have said the following in their report in 1907: "The Committee have reproduced this clause from the former Bill in accordance with what they understood to be the wishes of Government. But conditions should in their opinion be so modified as to relieve the court from fixing the portion to be released from attachment. To impose this duty on the courts would materially increase their work in a matter in regard to which they are not in a position to form the best opinion and would probably result in an undesirable lack of uniformity." The 'implements' of husbandry should be interpreted wide enough to include not merely the tilling implements for cultivation but those connected with horticulture and the use of land for any purpose of husbandry inclusive of keeping or breeding of live-stock poultry or bees and the growth of fruits and vegetables and the like. Every agriculturist has one subsidiary occupation or another connected with agriculture. Dairying is one. Cart driving is another. He makes yarn out of different kinds of fibres. He makes baskets out of bamboos. He weaves the goat's hair into blankets. The instruments of an agriculturist used in allied industries should equally be made non-attachable as they are his tools for supplementing his little income from agriculture in other ways.

### Animals To Be Exempted

The cattle necessary for an agriculturist to earn his livelihood

has to be decided by the court. It has been held by the courts that where cattle are declared non-attachable, the fodder necessary for the same should also be made non-attachable. This should be made clear in law. The specification of the number of cattle non-attachable for a decree in the case of a small agriculturist, in the place of the present practice of varying judgments of courts in this matter will prove a great relief both to the debtor and the creditor. Again the small holder supplements his income by maintaining a milk cow or milk buffalo. He maintains a certain number of sheep and pigs for agricultural and domestic purposes. Are these to be held to be non-attachable? They may be 'necessary to earn his livelihood' according to Sec. 60 of the Civil Procedure Code.

#### Limits To Exemption

The Section has not defined the agriculturists. Rightly the courts have held that it should apply only to the poorer classes and not to those who can replace easily the movables attached. But a person who is a tenant of 50 bighas of land and also owns 20 bighas of Zamindari land and whose chief occupation and means of livelihood is agriculture has been held by the courts as an agriculturist for the purpose of deciding whether his house is attachable for debts—(p. 450. Commentary by Mr Sirkar). The term agriculturist should be defined and restricted so that the exemption of saleable property might not apply to all and thereby affect the rural credit system. The better class of agriculturists do not require to be protected by exemptions from attachment of their produce. Only that class of

cultivators should be protected from attachment of their moveables who could not otherwise continue their cultivation in the absence of a saving provision to conserve to them a minimum farm equipment till the next harvest. Supposing we define the agriculturists on the basis of the extent cultivated by them, are those having other incomes from allied industries as cart-driving, cattle-rearing, dairying, poultry and bee-keeping to be excluded from the definition? Are those again who have other non-agricultural incomes to dispose of to be excluded? If so, what should be the limit of such incomes?

#### Exemptions Of The Dwelling House

Sec. 60. c of the Code exempts houses and other buildings (with the materials and the sites thereof and the land immediately appurtenant thereto and necessary for their enjoyment) belonging to an agriculturist and occupied by him from attachment in execution of a decree. This clause has been so interpreted that the rayat does not get the benefit thereof. Firstly the owner of the house has to prove that he is an agriculturist and is entitled to the benefit of the exemption. Secondly, if the house is not attached to a holding 'which is not transferable by law' it can be attached for mortgage decrees and can be sold in execution. In other words if the holding is mortgagable and transferable, the house attached to it is saleable for a mortgage decree. Thirdly, the court has allowed the attachment of materials in the building on a decree for rent though it is not so allowable for an ordinary judgment creditor. Fourthly, it has been held that as the clause is

intended only to benefit the debtor he should be allowed to waive the benefit and to mortgage or sell the house. Fifthly, a vacant site used for storing fodder and manure has been held to be a saleable property under this clause. The house belonging to and occupied by an agriculturist, inclusive of sites and cattle and other farm sheds used by a rayat for the purposes of agriculture and allied industries should be made non-attachable for debts.

Sec. 60 (b) provides that the tools of artisans shall not be attached. This relates to the industrial workers of a village who are not mainly agriculturists. But it has been held that the village musicians and washermen are not artisans. A descriptive definition of all the classes who should be classified as artisans is necessary. The local Government should have power to declare a certain class as artisans. The meaning of 'tools' has been differently interpreted. The equipment for soap boiling has been declared as 'tools', while the oilmill on a Teli's premises has been decided to be not a tool. Musical instruments are not tools of an artisan. All kinds of tools, accessories, and equipment of a village artisan should be declared non-attachable if he is not to be deprived of his source of living.

#### Exemption Of Wages

Sec. 60 (1) makes non-attachable for debt 'the wages of labourers and domestic servants whether payable in money or in kind.' The courts have held that these do not include skilled occupations requiring previous education. This will naturally exclude blacksmiths, carpenters, boatmen, barbers, leather workers, stone cutters, well diggers, brick-layers, builders, lime

burners, washermen, weavers, potters, midwives, etc. The benefit of the clause should be given to all kinds of industrial workmen and agriculturists in a village.

#### Application Of The Law On Recovery Of Land Revenue

Sec. 60. P. says that whatever is declared non-attachable for the recovery of an arrear of land revenue under any law will equally be non-attachable in execution of a money decree. The Punjab Land Revenue Act provides in Sec. 70 that 'so much of fodder required as will leave in the opinion of the Collector a sufficiency for the owners' cattle' exempt from attachment. The Bombay Land Revenue Code says in regard to distraint of movable property that "all such property as is by the Civil Procedure Code exempted from attachment or sale in execution of a decree shall also be exempt from distraint or sale." The Berar Land Revenue Code says in Sec. 145 (1) "Attachments and sales of movable property under this chapter shall be made as nearly as may be according to the law for the time being in force for the attachment and sale of such property under the decree of a civil court," thereby making it elastic and variable from the provisions of the Civil Procedure Code when movables are attached for the recovery of land revenue. Sec. 149 of the U. P. Act III of 1901 exempts the particulars mentioned in clauses a to n of sec. 60 of the Code of Civil Procedure in attaching and selling movable property for the recovery of land revenue. The Land Revenue Regulation 1 of 1886 Assam mentions in Sec. 69 (3) that 'nothing in this section shall

authorise the attachment and sale of necessary wearing apparel, implements of husbandry, tools of artisans, materials of houses and other buildings belonging to and occupied by agriculturists or of such cattle or seed grain as may be necessary to enable the defaulter to earn his livelihood as an agriculturist. "The Madras Revenue Recovery Act of 1866 says nothing about exemption but adds that arrears of revenue shall bear interest at the rate of 6 per cent per annum. Probably the section has been revised later. The Ajmere Court Regulation II of 1877. Section 81 says that the law in force regarding the execution of a decree of a Civil Court should be followed as nearly as may be in the attachment and sale of movable property for recovery of arrears of revenue. But the law in force in Ajmere is the most advanced in the whole of India in respect of attachability of the property of agriculturists.

#### Exemptions In Rent Acts

Under Section 4 of the Civil Procedure Code unless there is any specific provision to the contrary any local or special law in a province is in no way affected by its rules. The Rent Acts make provisions in the several provinces excluding certain properties from attachment. They apply only to the tenants coming under such Acts. Their provisions wherever found healthy and applicable should equally be applied to the other agriculturists.

The Madras Estates Land Act Sec. 192 (b) and the Agra Tenancy Act III of 1926 Sec. II S. 60 both exempt the manure stocked by an agriculturist from attachment. Under Bhagdari Act V of 1882 the superstructure of a house belong-

ing to a Bhag (tenant) in Gujarat is exempt from attachment.

#### The Ajmere Regulation

Under the Ajmere Court Regulation 1877. Sec. 30 the following property is exempt from attachment and sale in execution of decrees of civil court.

"Lands and wells not being situated within the inhabited limits of a town or village".

"Dwelling houses belonging to agriculturists and occupied by their owners, implements and materials used in husbandry and animals kept for agricultural purposes implements of trade or domestic industry and the necessary wearing apparel of the debtor and his family".

"It shall be in the discretion of the Court executing the decree, subject to any restrictions which the Chief Commissioner may from time to time impose, to exempt from attachment or sale an agricultural produce which such court may be satisfied on such enquiry as it deems fit to make, is intended by such debtor to be used and is required for the subsistence of such debtor and the members of his family dependent on him or as seed for the land cultivated by him or as fodder for animals kept by him for agricultural purposes.

The Section goes further than the Civil Procedure Code in exempting materials used in husbandry, animals kept for agricultural purposes, implements of trade or domestic industry and land and wells outside a town or village.

#### Exemption Of Agricultural Produce

Sec. 60 (b) also provides that not only the implements of husbandry, cattle and seed grain as are declared necessary by the court for an

agriculturist to earn his livelihood exempt from attachment but also such portion of the agricultural produce as may have been declared to be free from liability under the provisions of the next following section.

Sec. 61 says that "The Local Government may by general or special order published in the local official Gazette declare that such portions of agricultural produce as may appear to the local Government to be necessary for the purpose of providing until the next harvest for the due cultivation of the land and for the support of the judgment debtor and his family shall in the case of all agriculturists or any class of agriculturists be exempted from liability to attachment or sale in execution of a decree."

The Section makes it clear that the local Government might fix a portion of agricultural produce required for cultivation of the land and the maintenance of the family of the debtor till the next harvest. The needs of cultivation are provision for seeds, payment for hired labour for cultivation, feeding of cattle, manure, and repairs to implements. The needs of subsistence are the items of living of a family which might be considered as forming a minimum subsistence budget. The costs arrived at in kind for these two purposes should be the portion of agricultural produce declared attachable by a local Government. When the bill for amending the Civil Procedure Code came before the Imperial Legislative Council in 1907 'or discussion, Tikka Sahib of Nabha said," the duty of fixing the amount of the share of such produce is left in the hands of Local Governments. It would have been

better to fix a minimum because the principal details should be detailed by the Supreme Legislature rather than be left to local authorities." There are, no doubt, difficulties in making a central legislation on this matter. The fixation of the portion of the produce for different regions even on the basis of a province is not easy. The lowest unit of area for working a rule of this kind cannot be more than the jurisdiction of a collector. It is necessary to see how the clause has been given effect to in the provinces.

#### Law On The Subject

The clause in the Land Revenue Act for the recovery of arrears of land revenue in the Punjab, becomes also applicable in that province to exemptions from attachment of agricultural produce for a money decree as Section 60 (P) of the C. P. C. provides to the same effect. So much of the produce of the land of the defaulter as the collector thinks necessary for seed grain and for the subsistence until the harvest next following of the defaulter and his family and of any cattle is exempted". This section therefore exempts also cattle fodder, from attachment. The Debtors' Protection Act recently passed in the Punjab goes further in its clause 10, that standing crops other than cotton and sugarcane shall not be liable to attachment or sale in the execution of a decree and (2) "standing trees shall not be liable to sale in the execution of a decree or an order of a court." (This Act applies only to all loans other than those of Government, Co-operative Societies and Company banks, and mortgages). In the U. P., notifications are issued in respect of a crop

in a year. Notification No. 269—R 11—93—32—of 15th April 1937 exempts 1/3 of the judgment debtor's rabi crop of 1344 Fasli for providing until the next harvest for the due cultivation of the land and for the support of the judgment debtor and his family. In N. W. F. P. the notification in force states that one half of the agricultural produce of the agriculturist shall be exempted from liability to attachment or sale in execution of a decree. In C. P. notifications are issued every year naming the main food grains that are exempt from attachment in the several districts. Other Provinces, too, have issued probably their own notifications. But the difficulty arises in fixing the portion of the produce even when it is declared as a certain percentage of the gross produce. Some methods should be devised which would not put the responsibility of calculating the gross produce on the court. It should be noted that the whole section in the Code Sec. 60 relating to non-attachability of saleable property for a decree does not relate to mortgage decrees for in the case of the latter no attachment is necessary.

#### **Produce From Allied Industries How Far Non-attachable**

Having dealt with the several clauses of the Civil Procedure Code how they require to be amended in the interests of the rayat, it needs consideration what other classes of rural workers should be protected, and what other movables should be excluded in the case of an agriculturist. The latter engages himself in leisure hours in making ropes of fibrous plants, in weaving basket or blankets. The raw materials which he has collected

for giving him and his family an occupation for leisure hours should not be attachable for debt. Uneconomic small holders augment their incomes in this way and the law should not deprive them of their employment by facilitating the attachment of these materials.

#### **The Primary Needs Of Rural Workers**

There are again rural workers whose main occupation is not cultivation, who require to be protected from being deprived of their sources of production. The raw materials of spinners and weavers, of blacksmiths and carpenters, leather workers, lime burners, brickmakers, basket-makers, potters, and the like are the sources of their livelihood. To what extent are they to be attached for debts? Supposing industrial workers raise credit for their occupation on the hypothecation of these material, will they not be restricted in buying them on credit if such creditors have no charge over them? These workers make their finished products, cloths, ploughshares, furniture, leather articles, lime, bricks, baskets, pottery articles, tiles etc. for sale either independently or under an employer who supplies them materials. Where they work independently they maintain themselves by sale of such articles. To what extent can these be attachable for debts? What portion should be made non-attachable so that they may not be deprived of their subsistence at least for a few months? Again there are rearers of cattle and sheep, making an income out of these. What again should be the limits for attaching their debts. In the following paras an attempt is made to answer these

questions defining the amount of produce and the movables of an agriculturist and other classes of rural workers that should be made non-attachable. Non-attachability of movables for decrees does not necessarily mean that a creditor cannot realise his dues with the consent of the debtor. It applies only when the assistance of a civil court is sought for such a purpose.

#### Limits Of Exemption

Exemption from attachment of a portion of produce should be given only in the case of those who are not in a position to replace them either from incomes from land or other sources. We have therefore to find out the minimum income from land of agriculturists who cannot ordinarily be expected to carry on their occupation, if a portion of their produce is sold. The purpose is to save for him such produce without which he cannot carry on his livelihood. The schedule of family expenditure of the poorer class of agriculturists given elsewhere from the investigation reports published by the Madras Banking Enquiry Committee will indicate that a rayat requires a sum of Rs. 200 for food and clothing of himself and his family. To earn this income he will have to spend a sum of Rs. 100 on land tax and cultivation expenses. The minimum annual expenditure of a landowning rayat who lives on a subsistence budget cannot, therefore, be less than Rs. 300. An agriculturist should, therefore, have a surplus produce of Rs. 300 after meeting all his charges and cultivation expenses. Provision should also be made for the repayment of non-recurring loans borrowed for purchase of cattle, digging of a well, farm equipment, and extra-

ordinary expenses of the house and the farm. It will not be safe for a frugal rayat to borrow more than a third of the value of the land on the basis that land value is hundred times the land revenue and his borrowing are paid in not more than 20 annual equated instalments at 6 per cent interest. (Illustration: A has land valued at Rs. 9,000 on which he pays a land tax of Rs. 90. He borrows Rs. 3,000. The equated instalment at 6 per cent for 20 years will be Rs. 240 per year). In other words an agriculturist should have roughly an income of Rs. 900 and above, if he is to be declared as one belonging to the category of those who will be in a position to replace the attached produce. Those with incomes below Rs. 900 should have the benefit of a portion of their produce not being attached for money decrees. Let us calculate what land revenue an agriculturist will be paying to make an income of Rs. 900. In the case of a working cultivator who makes a larger produce with the aid of his family, the multiples of land revenue will certainly be greater. The schedule given elsewhere works out the land tax and the gross income. The latter roughly is not more than ten times the land revenue. Land owners therefore paying the Rs. 90 and below may be taken as protected agriculturists who are entitled to the benefit of the exemption of produce from attachment. Tenants cultivating extents paying the same land tax will also come under the protected class. The courts have held that a man owing 20 bighas of land and holding on lease 50 bighas can be considered as an agriculturist for exempting him from attachments of the

dwelling house (Shafiq V Hamidullah 14 A and J 240 Nov. Sirkar's commentary on C.C.P. Page 450). This extent will be roughly paying about Rs. 90 of land tax.

### Inclusion Of Non-Cultivating Owners

Tenants in rayatwari areas cultivating an extent of land paying a land tax of Rs. 90 and below will also come under the protected class of agriculturist. An Agriculturist should also be one who cultivates the land himself ordinarily either with hired labour or with the aid of his family. Supposing landowners who let lands on lease are excluded from the benefit of this exemption, what will happen? There may be cultivating landowners who for temporary reasons are forced to let the land on lease. The court will have to exclude even bonafide cultivators. Tenancy legislation should provide for preventing undesirable leases but a scheme like the one proposed for exempting produce from attachment will not be able to achieve it. It may be, therefore, necessary in a general law of this type to include landowners whether living by lease or otherwise.

### Who Is An Agriculturist ?

An agriculturist may have subsidiary occupations as stockraising and selling, dairying, cart driving spinning and weaving and any other small industries but his major source of income should be from land. Dealing in one's own cattle and sheep should not be considered as trade but as part of a subsidiary occupation. But an agriculturist can also have incomes from non-agricultural sources either earned by himself or his dependents. If the income from

such sources is larger than that from land, he should be considered a non-agriculturist. But in calculating such incomes it should be duly considered whether he has a disposing power over them. One method of finding out whether an agriculturist has non-agricultural incomes is what amount of profession tax or income-tax he is paying to local bodies or the Government. Such persons may be easily excluded. The burden of proof that the major income of an agriculturist is from non-agricultural sources should lie on the creditor. If not, every agriculturist will have to prove that his income is mainly agricultural which owing to their poverty and ignorance they may not be able to prove in a court of law. It will be hard if, for the sake of a few who may have non-agricultural incomes, the overwhelming majority are asked to prove that they are agriculturists before their produce is exempted from attachment.

### Methods Of Classification Of Agriculturists

The limitation of protected agriculturists to those who pay a land revenue of Rs. 90 and below may be workable if there were only dry and wet lands in the country. In Madras the garden-owners pay a land tax of Rs. 2 to 3 and make the same income as the owner of a wet land paying a land tax of Rs. 8 to Rs. 10. This will be evident from the schedule of incomes and land tax given elsewhere. The tax on garden lands may be equated to that of the wet for including a garden cultivator as a protected agriculturist. It may be multiplied 3 times and then calculated whether it amounts to Rs. 90 and below. Again there



are Zamin tenants who do not pay a land tax. There may be hardly any soil classification too of their lands to which may apply the Rayatwari rates. Where no surveys have been undertaken, one has to go by the extents mentioned in their Pattas by the Zamindar. Where tenants pay local rates to the District Board, their exact proportion to the land revenue in rayatwari areas may be calculated, and equating it to the ratio in rayatwari tracts, their land revenue too may be computed similarly and if the computation shows that it will be Rs. 90 and less, they may be brought under protected agriculturist. Another method of calculation would be to apply the average dry rate, wet rate, and tank rate of land tax in a district to the areas of land Zamin and find out whether they come under the class of protected agriculturists. If this method were adopted, the courts in the district should be supplied by the Collector with a schedule of the average rates of land tax. In the case of garden lands in Zamin areas, their land revenue may be equated to that of wet lands by increasing it three times as mentioned already. There are also various tenures enjoying a reduction in or free assignment of land revenue. They also may be equated to the dry and wet rates of land tax scheduled for a district by the Collector.

#### Joint Cultivation

Cultivation may be done jointly or the land may be owned jointly. In defining an agriculturist the land owned or cultivated by him as co-sharer or joint cultivator, respectively, should be considered. The land revenue on the same should be taken into account in classifying such people as agriculturists.

#### The Rural Worker

Protection is equally necessary by way of exemption of saleable property from attachment in the case of rural workers. These may be divided into 3 classes : (a) manual labourers, (b) artisans and (c) live-stock breeders. Some of them may cultivate owned or tenancy lands or may do no cultivation work at all. The Agriculturists' Relief Act, U. P. gives a list of such workers and empowers the local Government to include any more of a similar class in the list. The schedule of such workers is given below. It should be noted that the major source of income of this class should not be from agriculture. "Agricultural labourers, general labourers, cowherds, goatherds, dairy men, blacksmiths, carpenters, fishers, hunters, boatmen, barbers, tanners, leather-workers, scavengers, basket-makers, potters, midwives, watchmen, washermen, weavers, cart-drivers, cattle-rearers and sellers, stone-cutters and well-diggers, woodcutters and charcoal burners, excavators, bricklayers or other servants of the village community or any similar class of persons whom the local Government may by notification in the Gazette from time to time include in the schedule."

#### Classification of Agriculturists

Whatever is necessary to enable an agriculturist to earn his livelihood should be exempted from attachment. His economic condition should be such that he has no other resources to replace the equipment necessary for earning his livelihood if it is attached. It is only in the case of such agriculturists that one should provide in law for exemption from attachment. An average agriculturist requires a sum of Rs. 300 from one

harvest to another for a period of one year for meeting his family and cultivation expenses. A similar sum is required to meet his charges of the previous year. An equal amount may be necessary for meeting the non-recurring charges of a cultivator. If all agriculturists had incomes above Rs. 900, the problem of creating tolerable conditions for earning a livelihood is easily solved. They would thereby have a surplus of Rs. 300 to carry them on for the next year. Or if we had a credit machinery working for their benefit, no restriction on the attachability of produce might be necessary at all. But the average land-owning agriculturists pay within Rs. 15 land revenue and many of them supplement their incomes by taking lands on lease or doing labour work. The agriculturists can be divided into 2 classes: those whose primary source of livelihood is land but carry on subsidiary occupations, and those whose primary source of livelihood is labour-work or small-scale industry or live-stock breeding but who also own or take lands on lease for cultivation. Even the first mentioned class should be divided into landowners and tenants.

Those whose major income is made from their own land, would naturally possess a larger extent as compared to those who own less but take lands on lease. The class of rural workers: (a) labourers, (b) artisans and (c) cattle breeders might own small extents but their income from subsidiary occupations will be larger. All these classes combine cultivation with allied industries. There are landowners who may have only the occupation of cultivation without

supplementing it in any manner. There are tenants too, whose only occupation is agriculture. The agriculturists and rural workers may be therefore divided into 4 kinds:—

(1) Those who either cultivate their own land or take them on lease or do both.

(2) Those who supplement cultivation in their own or leased lands by engaging themselves in allied industries.

(3) Those who supplement labour, industrial, and cattle breeding work by working on their own or leased lands.

(4) Those who do only labour, industrial, or cattle breeding work but undertake no cultivation.

The resources of those workers that should be exempt from attachment may be considered under the heads of: (1) produce, (2) non-agricultural incomes, (3) wages, (4) domestic equipment, (5) implements and (6) raw materials required either for agriculture or industries.

The main income of an agriculturist or rural worker is the produce he makes from land, or from an industry, or the surplus stock he raises from livestock breeding.

#### Exemption Of Agricultural Produce

The class of cultivating owners supplementing their income from land by other work form a substantial class of agriculturists. They will be roughly making about Rs. 150 from land and an equal amount from other work when they are assisted by family labour. They will own one to two acres of wet or garden land and 5 acres dry. They may take lands on lease too. As has already been mentioned, their holding is uneconomic and

is supplemented by labour wages. They could never hope to own or cultivate so much land which would give them a surplus income of Rs. 300 for meeting the cost of subsistence and cultivation for next year. But that should be no reason to fix a limit of exemption to the extent possible in the produce raised by a small rayat. The smaller is the extent of land cultivated by a rayat, the larger should be the amount of produce exempted. The exempted limit should take note of the margin necessary for paying off the credits taken for raising the crop, or the non-recurring charges of the farm. Any holding will require out of ten units of gross produce, one unit for paying land tax, 3 units for meeting cultivation and domestic expenses, and 3 more units for non-recurring charges incurred to replace cattle, and for the purchase of provisions in years of scarcity. The exemption limit should be such that it provides for the payment of these several charges from the produce. A third of the gross produce would be the utmost possible limit which may be exempted, and the maximum value of produce so exempted should not exceed Rs. 300. But there are owners of uneconomic holdings making between Rs. 100 and Rs. 200 from land. Their agricultural and domestic requirements till the next harvest are certainly larger. The needs of cultivation may vary with the extent but not so the needs of subsistence. They supplement their incomes by wages too. The food grains consumed by a family of 5 persons for a period of six months at the rate of Rs. 2 per head should at least be exempted in the case of

uneconomic holders. The limit of exemption as one-third of the gross produce should be therefore modified providing for a minimum value of Rs. 50 of produce to be exempted in the case of all agriculturists.

### Limit Of Exemption

In the case of tenants who may be defined as those whose cultivated extent consists more of lease land than owned land, the exempted limit cannot be very large as they pay half the produce as rent. It is out of the other half they should meet the cultivating expenses. Their non-recurring charges of improving the land will be little as the land does not belong to them. Their main charges will be the feeds of cattle for which provision is made elsewhere. Produce to the minimum value of Rs. 25 and not less than one-sixth of the gross produce above the minimum should be made non-attachable for debts in the case of tenants.

The basis of the limit of exemption has been taken on the supposition that small agriculturists cultivating lands yielding surplus income of Rs. 200 must supplement it by other work. This class will be paying a land revenue of Rs. 3 and below. Those who pay Rs. 30 and above and up to Rs. 90 may be expected to live from the incomes of agriculture and no exempting limit is necessary in their case regarding materials used in industries. The landowner paying Rs. 30 and below may manufacture goods in small quantities which when sold will cover the meagre cash expenses of the home. These should be non-attachable for debts except when they are made out of raw materials, borrowed or purchased with the

aid of a loan. In the latter case the creditor should have a lien on them. As regards the tenants at will, they would naturally cultivate extents paying land tax up to Rs. 60 and yet have subsidiary occupations. Tenants, therefore, paying up to Rs. 60 should have their produce from other industries exempted unless there is a lien on them. Where landowners paying a land-tax of Rs. 30 and below, and tenants cultivating lands paying a land tax of Rs. 60 and below maintain cattle for purposes other than cultivation they should equally be exempted from attachment unless there is a lien on them.

The rural workers whose main occupation is labour or industrial work or cattle breeding, but who also own small extents of land or take them on lease for cultivation they will require to be helped with sufficient provisions upto two or three months and not longer, as they may supplement their income from their industries. Being owners or cultivators of land, they should also have some provision left for purposes of cultivation. Hence in the case of land owning rural workers (labourers and artisans) minimum produce to the value of Rs. 50 may be exempted, and in the case of landless rural workers, minimum produce to the value of Rs. 25 may be exempted. As regards cattle breeders owning lands, minimum produce to the value of Rs. 25 may be exempted in addition to the minimum amount of cattle necessary for making a single turn over and thus earning a subsistence. In the case of the landless cattle breeder, the latter alone need be exempted. These exemptions should not stand in the way of

defined credit being raised for purchase of raw materials for industries, or of live-stock for cattle breeding. A lien should always be provided for the creditor on the finished produce, manufactured out of the raw materials purchased from him or borrowed with the aid of his loan. The same principle should apply also in the case of loans taken for breeding live-stock.

#### Non-Attachable Produce

In fixing the portion of the produce which is non-attachable, it may be either related to the gross produce or land revenue. If related to gross produce, not only should the courts know about the incomes from several crops but there should be definite information of the extents cultivated and the crops raised. They should also know about the extent of failure of crops. Doubts may be cast on the accuracy of the figures of a village accountant regarding the crop extents of a previous year. The better method would be the calculation of the non-attachable produce as multiples of land revenue. Land revenue forming roughly 1/10 of the gross produce, and the exempted limit being 1/3 of the same, the produce that should be exempted from attachment may be calculated as 3 times the land revenue subject to a minimum exemption of Rs. 50 in the case of any agriculturist. In the case of garden owners, zamin tenants, and other kinds of holders, the land revenue to be equated as described already may be arrived at, and then the produce to be exempted may be fixed as multiples of the same.

Even in the attachment of produce, the nonfood grains may be first allowed to be attached as provided in the Punjab Debtor's Pro-

tection Act and in case they are insufficient in value, the food grains may be attached. This procedure will ensure the conservation of the food grains for the subsistence of the agriculturist.

Cattle fodder should equally be exempted. This is stored by a small cultivator after the harvest. In the Punjab the Land Revenue Act excludes from attachment when recovering arrears of land revenue, that amount of fodder considered enough for cattle. Generally a rayat stores Rs. 50 worth of straw or dry fodder for a pair of cattle. The schedule given elsewhere will indicate that a pair of cattle consumes Rs. 50 worth of fodder in addition to other feeds. Cattle fodder to the value of Rs. 50 should be therefore exempted in the case of the agriculturists.

Any scheme of relief for the agriculturists should make due exemption for agricultural calamities as deaths of cattle due to epidemics and failure of crops. It may also happen that in areas of scarcity of rainfall, the exemptable limit may have to be increased. The local Government should therefore act under the existing clause 61 of the C. C. P. and be enabled to fix a greater limit of exemption as it thinks fit. It should also be empowered to increase by notification the multiple of land revenue regarding the portion of produce that is attachable in seasons of agricultural calamities.

#### Non-Agricultural Incomes

Incomes from any sources whether as a salaried servant under a Local Board, private employer, or the Railway, or as masonry or small contractor would be non-agricultural incomes. The

small agriculturist paying a land tax of Rs. 30 and below has to supplement his income in many ways and it should be exempted. If his income from non-agricultural sources is larger than from agricultural sources, he will not be a protected agriculturist. Otherwise he should be protected if he pays a land-tax of Rs. 30 and below. The same principle regarding exemption of non-agricultural incomes should apply for tenants and rural workers whether landless or not.

#### Wages

Wages both of agriculturists paying a land revenue of Rs. 30 or of tenants cultivating a land which pays a land revenue of Rs. 60 or of rural workers skilled or unskilled should be exempted from attachment. The class of people for whom the exemption is made will not be earning more than Rs. 200 by wages and as the sum will only cover their subsistence expenses, it should be exempt from attachment. Cash wages help the purchase of domestic provisions in the weekly markets and they form the main source of subsistence of this class.

#### Domestic Equipment

The law at present exempts the necessary wearing apparel, cooking vessels, beds, and bedding of the judgment-debtor, his wife and children and such personal ornaments as in accordance with religious usage cannot be parted with by any woman. The clause permits other ornaments to be attached for debts. Ornaments are pledged often to raise credit, and this being the only movable on which a loan can be quickly raised in emergency, the existing clause is a helpful one to agriculturists and as such no change is

proposed in the same. Every family generally maintains a cow or a buffalo either to make an additional income or for house purposes or both. Unless the cow or the buffalo is a lien for a loan with which it was purchased, it should be made exempt from attachment.

#### Implements

Tools and implements are even now exempt. The clause should apply to all protected agriculturists and rural workers. Any permanent equipment as an oil chekku, a mhoie, a Persian wheel, leather buckets, and a country cart should be considered an implement for the concerned worker.

#### Raw Materials

Raw materials in agriculture consist of seeds and seedgrains, and manure. The live-stock kept for husbandry is agricultural raw material, being bullock power for purposes of production. In the case of industries they are fibres, yarns, bamboos, canes, and sheep's hair. In the case of the live-stock breeder, his basic flock of sheep or herd of cattle is the raw material which he breeds and multiplies.

#### Exemptions For The Agriculturist

The existing law mentions seedgrains only as exempted. All materials used in husbandry such as seeds and manure should be exempted. The animals kept for husbandry should be exempted. These should be well defined. Bullocks necessary for cultivation not exceeding two pairs, and the minimum of sheep and pigs necessary for a small agriculturist for farming purposes should be exempted. The live-stock kept for other than farming purposes should equally be exempt with this

qualification that a lien may be provided on them to the creditor who has given a loan for their purchase.

#### Exemptions For Rural Workers

In the case of the rural workers (labourers and artisans), raw materials should be exempt from attachment unless they have been purchased with borrowed money. Similarly the minimum live-stock necessary to earn a livelihood should be exempt in the case of cattle breeders, providing at the same time a lien to the creditor who has lent money for their purchase.

#### The Protected Agriculturist Paying A Land Tax Between Rs. 30 and Rs. 90

This class of agriculturists need not be given exemption in the matter of wages, non-agricultural incomes, the livestock used for domestic purposes, implements, raw materials and finished produce of subsidiary industries, and live-stock kept for purposes other than husbandry. But the implements and the materials used in husbandry, the animals kept for husbandry, and one-third of the gross produce should be exempt from attachment. This class should be expected to earn a livelihood from agriculture alone with the aid of supplementary occupations and as such no exemption of movables required for subsidiary industries need be exempted.

#### The Dwelling House

The law should be made clear that the dwelling house of an agriculturist should be exempt from attachment. It should include the site used along with the house for storage purposes, and the land necessary for the

enjoyment of the house. It should be exempt from attachment in case of all decrees, and all agriculturists irrespective of the transferability of their holdings.

#### Exemptions In The Collection Of Arrears Of Land Revenue

Many provinces provide that whatever is exempted under the C. C. P. should not be attached for collecting the arrears of land revenue. The Punjab Land Revenue Act exempts also the fodder of cattle. The proposed exemptions should equally apply when properties are attached for arrears of land revenue.

#### Exemptions In The Collection Of Rents

The principle on which the exemptions have been proposed is that the exempted particulars are so necessary for a ryat for earning a livelihood that their attachment would prevent the continuance of his occupation and thereby would lead to serious consequences. It would make the ryat more indebted as he should pay any interest demanded during the stress of the agricultural season. The land might get out of cultivation. His cattle might starve. The ryat may join the destitute class for want of an occupation, and want of subsistence. His family will equally suffer. National production will decrease. Considering all these evils, we have provided for just the minimum that should be exempted. And if it is just the minimum it should not be attachable either for land revenue or for rent. In this connection it is worth quoting what the courts have held in the matter. "It is illegal for the landlord to attach everything in the possession of the ryat which he considers may

be liable to satisfy the rent. All that he can do by way of attachment is to treat the rent as a debt due from the ryat to the landlord and attach it as such." (C.C.P. Mr Sanjeevarao, Page 566).

#### The Powers Of The Collector

The Collector should be empowered to fix the minimum non-attachable heads of pigs and sheep necessary for an agriculturist paying a land tax of Rs. 30 and below and the minimum live-stock necessary for a breeder to earn a livelihood.

#### Summary

1. In the case of agriculturists cultivating lands paying a land revenue of Rs. 90 and below a minimum produce to the value of Rs. 50 and cattle fodder to the value of Rs. 50 shall be exempt from attachment or sale in execution. The maximum produce that will be exempt will be to the value of Rs. 300 at a ratio of one-third of the gross produce or three times the land revenue. In the case of tenants the exempted minimum shall be Rs. 25 and shall be in the ratio of one and a half times the land revenue. Implements and materials used in husbandry, and animals kept for husbandry not exceeding 2 pairs of bullocks on the basis of the extent cultivated, and the minimum number of sheep and pigs necessary for farming as declared by the Collector of the district shall be exempt from attachment.

2. In the case of the small agriculturists owning lands paying a land tax of Rs. 30 or cultivating lands on tenancy paying a land tax of Rs. 60, incomes from subsidiary occupations whether agricultural or non-agricultural, one cow or buffalo, implements, raw materials

and livestock of such industries shall be exempt from attachment, provided that the raw materials or the produce made out of them and livestock shall be attachable for debts borrowed for purchasing them.

3. In the case of land-owning rural workers, minimum produce to the value of Rs. 50 shall be exempted. If they are land-owning cattle-rearers, minimum produce to the value of Rs. 25 shall be exempted in addition to the heads of cattle necessary for earning a livelihood which shall be fixed by the Collector for each district. If they have no lands, produce to the value of Rs. 25 shall be exempted in the case of artisans and labourers, and only the heads of cattle shall be exempted in the case of cattle-rearers. There shall be a lien on the raw materials, finished produce made out of them and livestock for the creditor who lends for such purposes.

The implements of industry shall be exempt. Also wages and non-agricultural incomes, one cow or one buffalo shall not be attachable for debts.

4. The dwelling house and its appurtenances shall be exempt in case of agriculturists and rural workers.

5. The exempted particulars shall also be exempt in the collection of arrears of rent or land revenue.

6. The local Government shall have power to increase the ratio of exempted produce in a local area or periods of agricultural calamity.

7. The rules shall apply only to agriculturists and workers mentioned below :—

(a) An agriculturist is one who

is either a land-owner or tenant and who earns his livelihood mainly from land provided that an agriculturist who owns or cultivates a land paying a land revenue of more than Rs. 90 shall not be an agriculturist.

Provided further that an agriculturist shall be one who does not pay income-tax to Government, and whose income from non-agricultural sources over which he has a disposing power shall be less than from his income from land.

Provided also that no one shall be considered as not an agriculturist by reason of his following subsidiary occupations as stock-raising and selling, dairying, cart driving, spinning and weaving and any other small industries.

(b) A rural worker is a person who makes his major income from other sources than land and who belongs to any of the classes scheduled and notified by the local Government.

NOTE :—When calculating the land tax either for finding multiples for exempting produce or for classifying agriculturists, the land tax in the case of a garden owner shall be multiplied 3 times. In the case of agriculturists holding lands on other tenures, it shall be calculated on the basis of the average rates of land tax for dry, wet, tank and garden lands as certified by the Collector of the district.

## Prohibition Of Permanent Alienation

### The Family Farm

Everybody would admit that the State should take particular care that a rayat is not dispossessed of the small family farm on which he



subsists. The family farm gives work to the members of the family and to that extent solves unemployment. It feeds and maintains the dependents of the family when they have no jobs elsewhere. It gives a hope to the small rayat that he has property of his own. Less subject to cash economy, as it raises its crops with as little money as possible, it is not affected by the international money market as large-scale farming is, in other countries. Being dependent mainly on manual labour of the family it has no problems arising out of machinery and power. Raising as it does food crops generally which are consumed by the farm, it is less affected by international markets as organised agriculture is in western countries. The debt problem had less severe repercussions during the period of the fall in prices than in advanced countries because of the existence of the family farm. For a long time to come, labour saving devices have little place in a country like India where men and women compete with animal and machine labour and are willing to work at even a less wage than these kinds of labour. The more and more the size of the family farm gets reduced by the pressure of population on the land, the greater and quicker will be the growth of a landless proletariat which will not possess the steadying and balanced character of the holder of the family farm. Every effort should therefore be taken to conserve land in his own hands.

#### The Problem

But if land is not made saleable it would happen that no one would give credit to the holder of the family farm. We have not fashioned an effective credit agency to

assist the small holder. Any step taken to prevent alienation of land should in no way restrict the required credit for agricultural operations. At the same time prevention of sale will have a healthy effect in restricting credit to legitimate proportions.

If the proposition is granted that the family farm should not be permitted to be sold, two other questions arise: (1) should sale be prevented in execution of decrees while permitting voluntary sales or, (2) should voluntary sales also be prevented? Again if sale of land is prohibited, can produce be permitted to be attached? If produce is made attachable, how can a man with a family farm eke out his living, the size of the farm being just sufficient to maintain him? What about those who hold less than the size of the family farms? Is it possible to fix a limit to the attachment of produce?

#### The Law

Let us examine the law as regards the saleability of land. The subject may be classified under five heads.

1. Non-saleable land under the Civil Law.
2. Powers of the court and the Collector to exempt certain properties when making temporary alienations.
3. Powers of the Court and the Collector to exempt certain properties during sales of land.
4. Recent legislation regarding liquidation of past debts.
5. Provisions in insolvency.

#### Non-saleable Land

1. Under the Civil Procedure Code all the lands of a debtor may be attached and sold except those which are excluded by local laws. Under the Central Provinces

Tenancy Act 1929 the occupancy rights are exempt from attachment. The occupancy rights of a Malguzar in his Sir land cannot be alienated by him without the sanction of the local Government. Under the Agra Tenancy Act (1901) expropriatory holdings are not saleable. Similarly under Sec. 16 of the Bundelkhand Alienation Act (1903) the property is exempt from attachment and sale. The sanction of the Deputy Commissioner is necessary for alienation of land by scheduled agriculturists to others than their groups (Sec. 3) under the Punjab Alienation Act. Under the same Act the sale of lands in execution of decrees of agricultural tribes is forbidden. Sec. (16).

The Punjab Debtors' Protection Act, 1936, has a clause that when "custom is the rule of decision in regard to succession to immovable property, then ancestral immovable property in the hands of a subsequent holder shall not be liable in the execution of a decree or order of a court relating to a debt incurred by any of his predecessors in interest except in the case of secured debts."

#### Exemption Of Land From Temporary Alienation

Under Sec. 72 of the C. C. P. the Collector is empowered to make temporary alienations of the land of a debtor and thus avoid sale. He is to render accounts of all monies received by letting the land or by sale. The charges due to the Government and the rent due to the landlord are deducted. Out of the balance, the court may provide, as it thinks fit, for the maintenance of the judgment-debtor's family!

The Punjab Debtors' Protection Act provides, under clause 6, that

"such portion of the judgment-debtor's land shall be exempted from temporary alienation as in the opinion of the Collector having regard to the judgment-debtor's income from all sources except such income as is dependent on the will of another person is sufficient to provide for the maintenance of the judgment-debtor and the members of his family who are dependent on him." Order 64 of the Financial Commissioner, Punjab, provides that in respect of temporary alienation in execution of a decree sufficient amount of land should be reserved for the maintenance of the judgment-debtor and his family.

#### Exemption Of Certain Properties During Sales

Even though the general civil law permits sale of property by courts in execution of a decree, Sec. 68 of C. C. P., empowers the Collector to execute decrees of sale which are transferred to him by the Court. The Collector realises the income by letting the land for a period or by its sale. Out of the same, the charges due to Government and rent of land are deducted. Out of the balance, the court may set apart a provision for the maintenance of the family of the judgment-debtor. It should be noted that the Collector should first try all methods of letting the land, before he sells the property.

Under the Deccan Agriculturists Relief Act, the Court is given the discretion to permit instalment payments in the case of decrees, thereby avoiding a sale of property as much as possible. A creditor may sue for foreclosure and possession to himself. Or he may sue for sale of land in the case of a simple mortgage. Or he may claim pos-

session after the due date for the return of his money, being a usufructory Mortgagee. Or the debtor may sue for redemption. In all the cases the Court may fix instalments at a reasonable rate of interest or without interest. If the instalments are not paid, a portion of the property may be brought to sale. The Mortgagee may be put in possession for a period during which the income from land will be sufficient to repay the debt. In suits of mortgagees having possession they may be continued in possession thereof. In this manner mortgages entered into, providing for sale of land, or interminable possession, could be revised by Courts, fixing instalments and temporary possession. But though the object of these provisions was the prevention of the sale, of lands it resulted in more sales as no mortgagee under the terms was sure of getting permanent possession of the land if the suit was taken by him or by the debtor before the Court.

Section 255 of the Land Administration Manual, Punjab, provides that where the judgment-debtor is deprived of the cultivating occupancy of the transferred land, enough should be excluded from the transfer to furnish at least a bare subsistence for himself and his family.

#### Liquidation Of Past Debts

The Encumbered Estates' Act, U. P., which is intended to protect the estates of the landed gentry from sale for past debts provides that in calculating profits on which basis the instalment value or transfer value of land is to be fixed by the Collector, "the percentage that the landlord must retain to himself, his family and his dependents and for the manage-

ment and upkeep of his property" should be decided by rules by the local Government." The instalment value is that value of land which is 20 times the net income after making the deductions above mentioned. The transfer value is a multiple of the same after making the same deductions for the support of the family. The Regulation of Sales Act 1934 passed to regulate the sale of agricultural land in execution of civil court decrees against agriculturists has a similar provision to the same effect. The Bengal Debtors Act provides that where a debtor cannot repay his debts within 20 years his debts shall be so reduced to be repayable from half the surplus from his lands within 20 years. If this is not desirable his lands will be sold and an extent of not more than  $\frac{1}{3}$  of the land held by him in direct possession, and not less than one acre in the case of those who held less than 3 acres shall be set apart for his maintenance and that of his family. His dwelling house also shall be non-attachable for debts.

#### Provisions In Insolvency

Under the Provincial Insolvency Act, 1920 S.c. 28.5 'the property of the insolvent which shall vest in the court or the Receiver shall not include any property which is exempted by the Code of Civil Procedure 1908 or by any other enactment for the time being in force from liability to attachment and sale in execution of a decree.' We have already mentioned those Acts which exempt sale of land or occupancy right or holding. They cannot be attached in insolvency. Whenever under Sec. 68, C. P. C. the court has requested

the Collector to sell a land in the execution of a decree such land shall not vest in the Receiver but the Collector may sell the same and hold the balance to the credit of the insolvency court. Under Sec. 66 of the Insolvency Act the court may set apart in its discretion any amount required for the maintenance of the insolvent and his family.

The Deccan Agriculturists' Relief Act provides that in the case of the agriculturists who are adjudicated as insolvents, their lands shall be let up to 20 years for repaying secured debts, or in the alternative sold for the same, and subject to this condition, their lands may be let by the Collector upto 7 years after setting a portion of the land for the support of the insolvent and his family. When the land is let for 20 years in respect of secured debts, the premium paid by the mortgagee, and any rent on the land if collected annually in addition shall go to pay off the debts for 7 years, and thereafter to the insolvent.

**Sale Of Land In Execution Of A Decree**

It would be only acting according to the Civil Law and the trends of recent legislation if we make a provision that lands which comprise a family farm shall not be sold in execution of a decree or insolvency.

A family farm may be defined as that extent of land the income from which when added to subsidiary earnings will give the earner not less than Rs. 300 per month. Granting that the chief earner and his wife make Rs. 100 a month by way of wages or otherwise they should make a sum of Rs. 200 from land. An

extent of 2 acres wet or 2 acres garden or 20 acres dry would be the minimum extent required for a hard working family. The family may consist of 5 persons, the chief earner, being assisted by 2 working dependents and the other 2 being non-working dependents. The extent provided is the absolute minimum and is based on the supposition that all the members of the family would get supplementary occupations during the off seasons. The owners of lands paying a land revenue of Rs.20 will roughly possess this extent of land in Madras, and Bombay, the persons paying land revenue within Rs. 20 and below will farm 4/5 of the owners.

#### **Voluntary Sale Of Land**

If land is made exempt from sale in execution of a decree, the result would be that voluntary sales would be quickened for raising credit. Voluntary sale of land should equally be prohibited in law in the case of all those owning 2 acres wet or 2 acres garden or 20 acres dry. Such a prohibition will also help the restriction of credit to legitimate proportions. The plea by a Hindu minor for restoration of the property on the ground that his father has not sold it for the legitimate objects of the family is permitted in Courts in the case of ancestral properties. It would be acting on the same principle if ancestral family farms are exempted from sale. Tenancy rights are conferred only on the basis that they shall not be sold. If land sale is prohibited, there should be sanction of bonafide sales. The prohibition should only apply to holdings which provide a subsistence or are even below such extent. The freedom of contract

to dispose of one's own property should be restricted as little as possible.

Those who hold above the minimum proposed should not be restricted in raising credit by selling their lands upto the minimum fixed. Similarly, lands above the subsistence minimum should not be exempt from sale in execution of decrees.

But a transferer may not be an agriculturist. The land might be self-acquired property. He might desire to take to another occupation. Voluntary sales in such cases should be sanctioned by Government.

The transferer may be an agriculturist or a rural worker. It should be examined whether he has other means of subsistence when he sells the land. Bonafide transfers when the earner leaves the village or takes to another occupation should be permitted.

In every case of transfer it should be seen that the land does not pass into the hands of those who cannot undertake cultivation and who let lands on lease. Preference in sale should always be given to the cultivating agriculturists. Among the cultivating agriculturists the rayat who has an uneconomic holding or the smaller holding among the buyers should be given preference over one with a larger holding. Sales need not be restricted to the same extent, as in the case of agriculturists, in the case of those rural workers, whose income from land is less and from other sources more and who could not ordinarily be expected to purchase additional lands.

The local Government should make rules for the guidance of

revenue officers in these respects regarding voluntary sale of subsistence holdings. The rules in vogue regarding the sale of occupancy rights in Sir land of Malguzars may be usefully followed in the case of such holdings (C. P. Tenancy Act.)

### Credit For Uneconomic Holdings

When once subsistence holdings are exempt from sale in execution of decrees and can be sold only with the permission of the local Government, the credit on the security of land will get largely restricted. We have exempted also minimum produce to the value of Rs. 50 and seeds in the case of small agriculturists. Those whose income from owned land will be less than Rs. 150 will be making more from other sources as tenancy and manual labour and will require little credit as compared to agriculturists whose income from land is more than Rs. 150. We have provided, in the case of rural workers who own small extents of land, that they might raise credit for their subsidiary industries by a lien on raw materials and finished produce and live-stock. A new agricultural credit policy should be fashioned to help all agriculturists with facilities for credit, production, marketing, and subsidiary industries. Until the policy takes full effect, Government should issue taccavi loans for the small agriculturists and particularly for those who hold a less extent than the subsistence holding and make an income below Rs. 150, for all productive purposes and purchase of domestic provisions.

### Attachable Produce Of Subsistence Holdings

We have already made provision that, subject to a minimum of Rs. 50, only a third of the produce shall be exempt from attachment, thereby releasing 2/3 of the produce for cultivation and domestic expenses and for meeting debt charges. Mortgage debt on land should be considered a normal feature of the life of an agriculturist. A crop may fail and the failures may generally be computed as amounting to about 2 times the annual produce in 20 years after making due deductions for years of plenty. Loss by depreciation on cattle and their death by epidemics may be estimated as the cost of one pair for every ten years, i. e. Rs. 300 for every 20 years. A holder of 2 acres of garden or wet land making a gross income of Rs. 200 per annum should make a provision for the loss of crops valued at Rs. 400 and cattle Rs. 300 for every 20 years which will amount to a third value of the land. The equated instalments at 6% on Rs. 700 for 20 years will work to about Rs. 60. An equal sum will be spent along with the other incomes he makes, as purchase of provisions for the home, cattle feeds, and cultivation expenses as payment of hired labour. Another third is the produce from land which he may keep for next year's subsistence. The gross produce of a subsistence holder may be, therefore, allotted as one-third to meet non-recurring debts, one-third for meeting recurring charges of the year, and another third for giving a subsistence to him till the next harvest. We have assumed in this calculation that a sum equivalent to about

50 per cent of the income from land will be made from other sources for supplementing the family income. About half of the surplus in a year may be permitted to be attached for debts in the case of the subsistence holder, leaving the other half for the support of his family.

We have next to consider what the period should be for attaching half the surplus of a family farm for debts. It would vary with the amount to be repaid. If the period of instalments is based on the nature of the security, we will be setting a premium on that kind of security for which we provide longer instalments. Mortgage securities will as a result be taken even for small loans if mortgage debts are allowed to be repaid in more instalments. The better method would be to give a charge on the produce upto half the surplus every year upto 20 years. But as we have provided that a minimum produce to the value of Rs. 50 should be exempted from attachment, those holding extents which yield a gross produce of Rs. 50 and below, will be exempted both from attachment of land and produce. These provisions follow those of the Bengal Debt Conciliation Act in the case of instalments. It should be noted that the court, when fixing half the surplus for 20 years, should take due note of the instalment amounts already paid before the suit was instituted, so that in no case of debt to be repaid, a sum more than half the surplus for 20 years in the case of the subsistence holder is decreed by the Court.

### Exemption For Rent And Land Revenue

The same procedure should be made applicable to the collection of

arrears of land revenue or rent. What is exempted as non-attachable for the creditor should equally be so, for the State and the landlord.

### Chapter III

## Regulation Of Mortgages

### Total Future Liability

Whatever may be the period of mortgages and their terms in handing over possession of the land to the mortgagee, the court, under the proposals made previously will refuse transfer of land in the case of holdings providing a subsistence, and those below such size, restrict possessions of produce to only half the surplus in a year and to 20 years in all after taking due account of instalments already paid, and subject to the exemption of produce worth Rs. 50 from attachment. But a mortgage may run with possession for more than 20 years. The date of redemption may be so fixed that the owner may not get back the land in his lifetime. It is only when the suit comes for foreclosure and sale, the court will be in a position to revise its terms in the case of subsistence holdings. Again there are agriculturists whose income is Rs. 900 and below, and whose holdings are larger than the size of a subsistence holding. In what manner should mortgages of such holdings be regulated? Again mortgages by conditional sales are made, by which, if the amount is not repaid on the specified date, the mortgagee should be put in possession of the land. A subsistence holding may be mortgaged with possession or let on lease for a long period. It is only when the suit goes before

a Court, it will restrict the period of the mortgage. And it is only as a last resort the money-lender goes before the Court. The object, therefore, of restricting credit will not be fully achieved unless the extent of credit for an agriculturist is also restricted. The Agricultural Credit Department of the Reserve Bank of India have recommended in their report for consideration that total future liability (after the liquidation of previous debts) of agriculturists might be limited either by fixing it in terms of a suitable multiple of land revenue or on the basis of the average value of land held in proprietary or occupancy right so as to enable the debt to be liquidated after providing for the bare necessities of life of the owner or tenant and his family within a period of 30 years.

### Method Of Fixing

The recommendation here is in reference probably to mortgage loans. In their case the amount lent may be known from the registered instrument. But the fixation of an upper limit for loans while permitting unsecured loans to any extent will not achieve the purpose. If a limit is fixed for unsecured loans, it may prevent an industrious agriculturist who is a owner of a petty bit of land from raising the required credit for developing his farm. The amount he requires may not suitably be measured in multiples of the land revenue he pays, or the net profit he makes from his existing land. A small holder owns 3 or 4 acres of wet or garden land. He may require for raising plantain, sugar cane or turmeric a sum of Rs. 300 which he repays when the produce is sold. Supposing his credit needs exceed the

multiple fixed, is he to be denied credit in law because he owns a land, while a tenant at will is free to get this amount of loan for agricultural purposes? Supposing again the same cultivating owner takes a long term loan of Rs. 1000 for digging a well and purchasing cattle, his liability will become 130 times the land-tax. If the multiple is so fixed as not to suppress productive credit for agriculture, it will be such a huge figure that it will defeat the purpose of an upper limit for loans.

We are asked also to exclude the property necessary for bare subsistence in arriving at the multiple of land revenue or average value of land for fixing the upper limit for loans. The overwhelming majority own barely the extent of land necessary for subsistence and hold even less. The upper limit of loans fixed in the case of the larger land-owner may not suit their case.

There are administrative difficulties too in working such a provision. Unless all loan bonds are registered or a debtor is restricted to a single creditor, one cannot be sure of the extent of liabilities of an agriculturist and consequently the court will not be in a position to calculate whether a debtor has taken loans within or beyond the upper limit. The enforcement of registration of all loan bonds will result in generousminded private money-lenders drawing in their credit. It will necessitate the employment of the agency of village officers for the purpose who will thereby gain an accession of influence which they will be tempted to abuse for private gain.

An upper limit may be fixed in the case of mortgage loans by not

recognising mortgages in law beyond a certain period. The period fixed for the realisation of the loan from the income from land should be such that it would not transfer land to a mortgagee beyond the life-time of a generation thereby converting it into a sale, but that at the same time it should cover the credit required for long term purposes. The value of a land may be generally 15 to 25 times its net income. The amount of loan required for non recurring purposes has been already roughly estimated as not to exceed by way of annual instalments a third of the net income from land paid in 20 years. This sum will amount to 7 times the net income. 8% of a loan is the equated instalment for 20 years at 6%. The annual instalment will therefore amount to 8% of 7 times the net income or roughly half of the net income. An agriculturist can, therefore, borrow on the security of half the extent of the land by mortgaging its income for 20 years. This amount of mortgage credit ought to be sufficient for meeting non-recurring purposes in the case of small holders. As the object of fixing an upper limit is only to restrict credit and minimise sales of land in the case of the small holder, the rule of restriction of mortgage credit upto 20 years may apply to those owning lands paying a land revenue of Rs. 90 and below.

#### The Law On The Subject

A mortgage cannot be redeemed before the amount becomes due (Sec. 83 Transfer of Property Act). A mortgagee can have complete possession for 60 years and it can be redeemed only after the term of years for which the land is given possession has



expired. In the case of a conditional sale, the mortgagee has the right to apply for foreclosure and possession in default of repayment of the loan. The Court grants a preliminary decree for foreclosure, fixing a date for repayment, and in default thereof, grants also the final decree ordering the defendant to put the plaintiff in possession of the property. In the case of suits of simple mortgages, the Court grants a preliminary decree for sale fixing a certain date within six months for repayment of the loan failing which it gives the final

### The Defects In The Civil Law

The existing procedure hardly facilitates the retention of land as far as possible in the hands of the agriculturists. You cannot redeem land before the date fixed in the mortgage. The court can only give 6 months' time for payment before it grants the final decree for sale or foreclosure. The instalment payment may be fixed by the court only in the case of money decree with or without interest, and the court cannot revise a decree providing for instalments except with the consent of the decreeholder. (Rule 11 order 20 C.C.P.) Further, land may be held in usufructory mortgage upto 60 years. One can get a condition inserted in the mortgage that the land should be sold to him in case of default in the repayment of the loan. Unless usufructory mortgage is restricted to 20 years, and the conditional clause of sale amended in the case of small holders paying a land tax of Rs. 90 and below we will be only paving the way for a rapid conversion of the small holder to the position of the subsistence holder.

### Usufructory Mortgages

It should be noted that when we fix 20 years for mortgage with possession, the law might permit 5 more years to cover years of scarcity and failure of crops. If a debt cannot not be repaid within such a period, it is tantamount to a sale. The mortgagee becomes the *de facto* owner. The law need not prevent usufructory mortgage in the case of the subsistence holder, upto a period of 20 years. Only the income mortgageable shall not exceed ten times the annual surplus produce. Mortgages therefore in the case of subsistence holders and those with less extents might be permitted with possession for half the extent of their land for 20 years.

### Provincial Laws

Certain provinces have passed legislation terminating the period of possessory mortgages at 20 years. Under the Punjab Land Alienation Act of 1900 (6-1) the land should be redelivered to the mortgagor after the expiry of 20 years in the case of usufructory mortgages. The U. P. Agriculturists Relief Act has equally a provision that "a possessory mortgage will not be valid unless the mortgagee is authorised to retain such possession and to receive the rents and profits of such land or grove both in lieu of interest and towards payment of the principal on condition that after expiry of a fixed term, not exceeding 20 years, the mortgaged land or grove shall be redelivered to the mortgagor and the mortgage debt shall be deemed to have been discharged". (Sec. 9). If a mortgagor applies for redemption, the possessory mortgagee will be ejected after term for which he is entitled to hold.

† The Deccan Agriculturists Relief Act provides in the case of the usufructory mortgagee that the Court may in its discretion direct as to appropriation of profits and accounting therefor as it thinks fit. When the amount payable is determined, the Court may instead of making an order for payment, direct that the mortgagee be continued in possession for such period as will enable to recover from the profits the principal and a reasonable rate of interest (15 B 4). Again under Sec. 15 (c) the Court may even fix instalments when a mortgagee applies for possession, and when they are not paid, it may make an order directing that the mortgagee be put in possession of the whole or any part of the property mortgaged. It should be noted that the Act permits possession to any length of time and does not restrict it.

Usufructory mortgage if limited to 20 years may be clearly evaded by calling it a lease. The Punjab Land Alienation Act has a provision to prevent lessing or farming of land running for more than 20 years (Sec. 11). Leases may be given intermittently thus defeating the purpose of law. Sec. 12 provides 'that a further alienation of the same land for such terms as together with the term of the current mortgage lease or farm will make up a term not exceeding the full term of 20 years' is allowed to the owner of the land. It should be noted that the provisions of the Punjab Act apply only to mortgages of scheduled agriculturist to those not belonging to their tribe. The result is the agriculturist money lender of their own tribe can keep the land in pos-

session for any length of time. The agricultural credit department of the Reserve Bank have recommended that restriction of alienation should apply also to nonscheduled agriculturists.

Usufructory mortgage by the small holders should be restricted to not more than 20 years, and should not exceed more than half the extent of land owned by subsistence holders. The clauses restricting all leases to 20 years should also be provided for.

### Regulation Of Mortgagee In Suits For Sale, Foreclosure And Redemption

#### Repayments In Advance

One method of regulating credit transactions, lies in empowering the Court to revise, the mortgages when the mortgagee sues for sale or foreclosure and the mortgagor applies for redemption. The law does not permit an application for redemption before the principal money under the mortgage became due, and the mortgagor should deposit the full amount. In order that the Court may take power to revise the mortgage terms, the D. A. R. Act provides "under Sec. 15 A that the Court shall not refuse to pass a decree for redemption merely on the ground that the time fixed for the payment of the principal of the mortgage money has not arrived, or on the ground that the mortgage has not been completely discharged, or on both." Under Sec. 7, 3 and 5, of the Punjab Land Alienation Act the mortgagor may apply during the currency of the mortgage for redemption and deposit "such portion of the mortgage debt as the Deputy Commissioner,

determines to be equitable." This applies to scheduled agriculturists. But the Punjab Redemption of Mortgages Act and the U. P. Relief Act permits a suit for redemption only after the principal money has become due. Supposing a money-lender refuses to receive payment, the mortgagor has no option but to wait for depositing the amount in the Court till the due date of payment. The law instead of facilitating repayments retards it. An agriculturist with unsteady incomes and uneconomic holdings and with his crops and cattle subject to periodical losses is made an agency to keep the money of the creditor till the due date as purchase price for the borrowed amount in addition to the interest he pays.

#### **An Agency To Receive Money On Behalf Of The Debtor**

While a bank will receive repayments, a money-lender would like to avoid it in creditworthy cases for many reasons. Sec. 83 of the Transfer of Property Act permits deposit of principal money due on mortgage in a court only after it becomes due. Some of the Debtors' Relief Acts in the Provinces have made a provision for debtors to pay in court what is due to a money-lender. The Punjab Agricultural Debtors' Relief Act provides in the case of agriculturists that any person who owes money may at any time deposit in court a sum of money in full or part payment to his creditor and interest shall cease to run from that date. (Sec. 31 and 32). The Bengal Money-lenders Act, 1933 provides that where a money-lender refuses to receive money sent by Postal Money Order by a debtor, he may deposit it in Court. The U. P. A. R. Act provides that

a debtor may deposit in the Court, not less one-fourth of the amount due at the time in respect of unsecured loans. The D. A. R. Act provides that where an agriculturist sues for accounts and gets a decree for amount due, he may deposit it in the Court (Sec. 18). The clause in the Punjab Relief Act may be adopted in every province, as it will be of great assistance both to the creditor and the debtor in the recovery of monies.

#### **Revision Of Terms Of Mortgage**

Under the Deccan Agriculturists Relief Act the court is empowered when passing or revising decrees in suits for sale, or foreclosure, or redemption to revise the terms of the mortgage with or without interest and fix instalments of payment. If the instalments are not repaid on the dates fixed, the court "shall, except for reasons to be recorded by it in writing, order the sale of such portion only of the property as it may think necessary for the realisation of that sum". When the court passes a decree for redemption or foreclosure, it may continue the mortgages in possession for such period during which the profits of the lands will pay off the debt and then the land shall revert back to the mortgagor. (15 B. 1. 2. 3.) The provision of instalments, the sale of a portion of the property in case of default of payment of the same, and temporary alienation of the land are the methods proposed under this Act to ward off sale of the whole mortgaged land. The terms may be revised at any time. Sale and foreclosure are thereby prevented.

Under the Punjab Land Alienation Act two forms of mortgages alone are permitted by scheduled agriculturists to others not belonging to their tribe. The one is the simple mortgage. If there is default in payment, the mortgagee will be put in possession for 20 years for the amount of loan considered equitable or reasonable by the Deputy Commissioner. The other is usufructory mortgage. This is restricted to 20 years. All forms of mortgage entered into may be revised to conform to these two forms of mortgage. If in a mortgage deed there is a condition to sell the land in case of default of payment, the terms of such sale will be struck off and the mortgagee will be given possession upto 20 years. (Sec-6 and 9). Under this Act the period of the instalments is defined, no sale is permitted, and the terms of all mortgages are revisable as in the Deccan Agriculturists' Relief Act.

The U. P. Agriculturists Relief Act provides in the following manner for redemption of mortgages. A possessory mortgagee will be rejected after term (not beyond 20 years) for which he is entitled to hold. A mortgagor may apply for redemption after the principal money has become due. If the mortgagee accepts it, the mortgagor gets back the land. In contentious cases the Court may consider whether the amount paid was sufficient. If it so finds, the mortgagor is given possession of land. If not, it orders the balance to be paid. Where the application is rejected, the deposit is returned. Where the deposited amount is held sufficient by the Court, interest ceases to run from the date of the deposit. Appeal

is provided for. The provisions of the C. G. P. will apply in the passing of decrees regarding redemption suits. The procedure mentioned here is to apply only to agriculturists paying a land tax of Rs. 1,000 and below. The Collector is to be the court for dealing with applications for redemption of mortgages to the value of Rs. 500.

The U. P. Relief Act does not facilitate the revision of mortgages by courts by permitting the mortgagee to apply before the due date for redemption. It does not empower the court to let the land on lease to the mortgagee for such period during which the rent from the land will repay the debt due. The court also cannot strike off the clause relating to sale in mortgages of conditional sale. In respect of possessory mortgages it restricts the period to 20 years.

#### Obligatory Instalments

But while it does not revise the terms so as to give temporary possession to the mortgagee, it makes it *obligatory* on the court when passing or revising decrees for a money decree, or preliminary decree for sale in regard to simple and usufructory mortgages or preliminary decree for foreclosure in regard to mortgages of conditional sales to grant instalments upto 20 years in the case of agriculturists. The instalments should take note of the capacity of the debtor to repay. Under the Act, postponement should be given in respect of such instalments which the court finds the debtor is not able to repay owing to failure of crops. Where instalments are given, the court should have the option

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to attach the land and create a charge on it until the instalments are repaid. The rules in the C. C. P. shall apply in respect of attachment of property and the investigation of claims thereon in execution of decrees. When a court revises the decrees, the right of appeal is given to the debtor if he is not satisfied with the number and period of instalments fixed. "Where the number of instalments allowed is four or five and any two instalments are in arrears the decree-holder may immediately enforce payment of the whole amount then remaining due under the decree and in the case of a decree for sale or foreclosure apply that a final decree shall be passed." It should be noted that if the instalments are not regularly paid, the land could be brought to sale, and in the case of conditional sales, the mortgagee can claim possession of the land. Where a mortgagee has lent a large amount which cannot be repaid in 20 instalments he can always bring the land to sale, or foreclosure and sale for his possession. Unless therefore the sales are equally regulated, the purpose of retaining land in possession of the small holder and restricting his credit to reasonable proportions will not be achieved. In the Punjab the period of mortgages of all kinds is restricted to 20 years with possession and sale of land is forbidden in execution of decrees, and voluntary sales have to be approved by the Deputy Commissioner. These apply only in regard to mortgages and sales between scheduled agriculturists and those who do not belong to their tribe or group. The regulation of sales of

land in satisfaction of decrees is dealt with elsewhere. The main feature of the U. P. Relief Act is the obligation laid on courts to give instalments up to 20 years. If otherwise, they have to record their special reason for doing so.

#### The Law In C. P.

Sec. 11 of the Money Lenders' Act in C. P. gives discretion to courts to fix instalments when passing or revising decrees. The clause should be made clear that it applies also to decrees when they are passed by the court and not merely to a revision of decrees already passed. Again the Act excludes loans which are charged on immovable property. So such loans cannot have the benefit of instalment system. The Act excludes loans which are in substance a sale of immovable property.

A recent judgment in the Central Provinces, it seems, excludes payment in instalments in suits of foreclosure as there can be no judgment debtor in such suits. This defect should be early rectified.

It is not known how the courts will interpret a transaction as conditional sales, whether they will be considered as in substance a sale of immoveable property. If it is so interpreted, decrees of foreclosure cannot be granted with instalment. The grant of instalments should be recognised when passing or revising all decrees, even in final decrees for sale which have not been fully satisfied. The debtor should have the right to apply for revision of decrees and also appeal to the superior Court where he is not satisfied with the number and period

of instalments. (vide U. P. Agriculturists Relief Act. Sec. 3 and 5).

#### Rate Of Interest On Decrees

Under the C. C. P. instalments with or without interest could be granted only in respect of money-decrees. (Rule 11, order 20 C. C. P.). Under, the Deccan Agriculturists Relief Act the amount of any decree may be directed by the Court to be paid in instalments with or without interest (Sec 20). Under the U. P. Relief Act the rate of interest on decreed amounts shall not be more than the rate at which the Local Government borrows from the Government of India. (Sec. 4). The provision in the U. P. Act is a reasonable one, for when once the aid of a Court is sought for recovery of a loan, it can only grant an interest rate which is paid by its own Government. Further no money-lender should get more than the bank rate of interest on a decree, as interest is allowed more than such rate till the date of the decree according to existing law.

#### The Instalment System

The Court at present may grant instalments in respect of money decrees but shall not grant them without the consent of the decree-holder on a decree already passed. (Order 20, Rule 11)

Payment of loans by instalments is a primary factor of agricultural banking. A rayat is not able to repay loans taken for cultivation expenses if there is a failure of crops. The loans of such years have to be spread over larger periods or realised in years of plenty. The digging of a well, or the bunding of a land, its reclamation, the purchase of cattle, loans given for such purposes

should be secured on the income realised by using their proceeds. They should be so fixed so that the periods and dates of repayment would not be less than the time taken for the fructification of the loan in the business of agriculture. If loans are defined according to purposes and not periods, as a short purpose or a long purpose loan, the fallacy of shortening or lengthening a period of the loan by an arbitrary time limit without reference to the period of its fructification will easily become apparent. A long purpose loan will not yield an income earlier than the due time because it is lent for a short term. Neither a short purpose loan will yield an income for a longer period because it is lent for a long term.

The compulsory provision for the grant of instalments by courts when passing or revising decrees will make a marked improvement in the credit system of the country. Non-recurring loans will become generally issued on the instalment system by the creditors so that the courts might not again give instalments and at a lower rate of interest. The creditor when giving a loan will not simply take account of the value of the security but the possibilities of repayment by a creditor. For if he sues in a court, the court will again fix instalments and thus postpone payment of the full amount. The system will not only control credit to the advantage of the debtor but also react on the money-lender to practise the instalment system in his banking methods.

#### Restriction Of Lending On Mortgages

If money-lending is conducted on sound banking methods there



is no scope for mortgages of the type of usufructory, or conditional sale. For both envisage farming by the money-lender. A sound banker would restrict his occupation to banking, and would shudder to become a small Jagirdar with the difficulties of collecting rents, tending crops, losing cattle in an epidemic, and a crop in seasons of scarcity. The facilities for transfer of possession to money-lenders encourage borrowing to the extent of the capital value of the land, and for extravagant purposes too. The money-lender is assisted by law to find ready investments for his money irrespective of their reaction in the creation of absentee landlordism, uneconomic holdings, the increase in the landless proletariat, and inefficient agriculture. The forms of mortgages should be so regulated and controlled that while they would provide the necessary credit for the rayat, they would not convert the peasant into a labourer, and the money-lender into a farmer.

#### Instructions To Court

It should be remembered that discretion to courts to fix instalments for as much period as they consider fair, makes the position of the creditor so vague that he does not know definitely the period up to which the instalments will be postponed. Clear instructions to courts in fixing the instalments and their period upto 20 years will have a large re-action on the rural methods of money-lending. Statistics of net incomes from several crops and different kinds of land may be usefully supplied to the courts which will guide them in fixing the instalments. Detailed rules about them may be sup-

plied to the courts by the local Government which will again help the lawyers in advising about the drafting of mortgage deeds.

#### Summary Redemption Of Mortgages

With a view to enable the poor and ignorant agriculturists, to know their accounts with money-lenders, and to redeem their mortgages, without the tedious process of the ordinary law, certain provinces have provided for special remedies. Mention has been already made of the provisions under the U. P. Relief Act empowering the court to help the mortgagor to redeem his mortgage by a shorter process than is provided under the ordinary law. That Act empowers the Collector to redeem mortgages below Rs. 500.

The Punjab Redemption of Mortgages Act 1913, applies to all agriculturists owning 50 acres and to suits of the value of Rs. 5000. Originally it applied only to those owning 30 acres and to suits of Rs. 1000. The Act has been recently extended to a larger class under the Punjab Debtors' Relief Act of 1934. Under the Redemption of Mortgages Act, the sections of the C. C. P. regarding redemption, need not be followed. The Collector makes a summary enquiry and either dismisses the petition on hearing objections if any or makes an order for the redemption of the mortgage, the mortgagor getting back his land and the mortgage deed. The Collector should be satisfied that the amount paid for redemption was rightly due, and if he finds it insufficient to repay the loan, he might ask a larger sum to be deposited.

### Expeditious Collection Of Loans

Even if instalments are fixed, their collection may be delayed by more than 12 years in each case of instalment under the present law. If a debtor is not to get into further debt for repaying an instalment, the dates of repayment should fall due, when an agriculturist has the produce or its value in money in his hands, and two or three instalments should not fall due in a single year. What is achieved by the instalment method in order to lighten the debt burden and to avoid a sale of land will be lost by the haphazard applications for the execution of decrees up to 12 years for each instalment.

#### The Present Law

Under the present law a decree can be kept alive by a creditor for 12 years. The last application should be presented to the Court within twelve years from the date of the decree or the date fixed for recovery of money or land. This relates to fresh or substantive applications. If it is an ancillary application to a substantive one, the limitation does not affect it. An application for sale of property, already attached by first application, is not a fresh application. Under Sec. 182 of the Limitation Act of 1908 successive applications for execution of decrees can be made if the dates of such applications do not exceed 3 years from the date on which the final order was passed on the last application. The creditor therefore may take successive applications for execution upto 12 years. The proceedings will continue beyond 12 years in respect of the last application.

### Provincial Laws

The Punjab Debtors' Protection Act restricts the date of a fresh application to 6 years and to agriculturist debtors. The U. P. Act restricts execution to 4 years from the date of the first application for execution in respect of attachment or sale of agriculturist produce of an agriculturist paying a specified land revenue, provided that the date may be extended when a holding more than a quarter is sublet by the debtor or in cases of agricultural calamity.

When the Punjab Debtors' Protection Bill was circulated to Judges in the Punjab, their opinion has been favourable for restriction of the period. A debtor who is aware that a decree can be executed upto 12 years will not have the impetus to earn and make himself a useful member of the Society. If the date of the decree is limited, the decree-holder, the court, and the debtor, all will be alert. The decree-holder would try to realise the amounts promptly. The court will speed up executions. The debtor will try to pay what he can. The Finance Member, Mr. D. J. Boyd speaking on the subject in the Punjab Council, Nov. 1935, pointed out that in the interest of inter-provincial commerce and banking such laws should be uniform for all Provinces and he would therefore like it to be restricted to agriculturist debtors. It has to be recognised that in fixing an outside date for applications for execution several factors have to be taken into consideration. Objections to attachment or sale of property are made. The claim of the creditor for the same has to be

proved. A decree or order of another court may delay execution proceedings. The payments made by a debtor have to be determined. Sufficient time for execution of decrees has therefore to be given.

It has to be considered also whether a decree for an amount should be allowed to be executed on agricultural produce for more than four years. The Punjab Act prohibits execution after 6 years in the case of all saleable property only, in respect of agriculturist debtors. Six years must be sufficient to cover all delays in law.

#### **Class Of Agriculturists**

We expect that the better class agriculturists should be able to take care of themselves. The instalment method of paying being a principle of agricultural banking, the court should grant instalments in respect of all decrees for all agriculturists. But the object of restricting the period of mortgages, of revising their terms by permitting redemption earlier than the due date, preventing permanent possession even when it is explicit in the document and giving only a temporary mortgage is to retain the land in the hands of the small holder as far as possible. These provisions need apply only to those holders paying a land tax of Rs. 90 and below.

#### **Summary**

The instalment system of payment not exceeding 20 years on decrees at an interest rate at which the Local Government borrows from the Government of India should be made obligatory on courts in the case of all agriculturists except for special reasons to be recorded by them in writing. Remissions should be granted for payment of the instalment in years

of failure of crops. The limitation for applications for execution of decrees shall be 6 years.

In the case of small holders usufructory mortgage shall not extend beyond 20 years. A mortgagor may apply for redemption even before the due date and when he could not even pay the whole amount due (15 A. D. A. R. Act). The court instead of passing decrees of foreclosure or sale may put the mortgagee in possession upto 20 years. In the case of usufructory mortgages it may continue them in possession upto 20 years (15 B. D. A. R. Act). The court can look into the whole account and determine the principal due and the interest fixed in law. A debtor should have the facility of making part repayments through the courts. The Collector should have power of summary redemption of mortgages in the case of small holders. In the case of the subsistence holder, the court shall not decree more than the surplus produce of half the extent of his land. The Local Government shall supply the courts with figures of net profits of different kinds of land (Vide Rules under the Encumbered Estates Act, U. P.)

The amount of loan and interest on a mortgage shall in no case exceed twenty times the annual net profits. When the court fixes the instalments, it shall take due note of the amounts and instalments already paid.

### **Chapter IV Instalments And Temporary Alienations Fixing Of Instalments**

An elaborate procedure is described in the rules under the U. P. Encumbered Estates Act 1934 for fixing the instalment

value and transfer value of lands. Sec. 2 (1) of the Act defines instalment value of proprietary rights in land as the sum which could be repaid with interest at 4½% by instalments over a period of 20 years out of the profits of that land after making due allowance for short collections, the cost of management, and the maintenance of the landlord and his family.

The preliminary instalment value is arrived at by the Collector as a certain multiple of annual net profits. The rental amount collected by the landlord is taken as the net profit. The rent over a series of years before and after the fall in prices is taken into consideration when fixing the rental.

The preliminary transfer value is also arrived at by the Collector as "the valuation at which such proprietary rights would be transferred to a creditor under this Act in liquidation of a debt." The rules specify the standard transfer multiple for each area by which the net profits should be multiplied to arrive at the transfer value of land.

The instalment multiple of net profits should be one-fifth of the transfer multiple not exceeding 7.5 and not less than 5.

The Collector shall in this manner fix the preliminary instalment value and the transfer value of the lands of the applicant.

#### Final Values—Fixation

He shall thereafter allow 2 months' time to pay off the debts but if the debtor wishes to sell any property, the price of the same should be approved as fair by the Collector.

The Collector should see that the interests of any creditor are not affected by the sale and that the payment of instalments is not

made difficult. (Rules 24,83,84 and 85.)

The Collector thereafter shall hear any objections to the preliminary valuations. The landlord might bring to his notice any variations in the nature and extent of his proprietary rights in land as decided by the special judge. The Collector would then decide the final instalment value and transfer value. In doing so he would take into consideration the following particulars:

(1) Has there been a fall in the cultivated area? Is it only due to a slump in price or other causes? What is the cause of such fall in the neighbouring areas? What is the extent to which the fall in the area has affected the net profits?

(2) Is the collection of rent easy and regular?

(3) Is the cost of management low or high?

(4) Is the land valued above the average value for the circle?

(5) Has the land the facility of a stable and secure irrigation?

(6) Has the landlord a very paying farm or incomes other than from land?

(7) What are the needs and circumstances of the indebted landlord in so far as they affect the probability that he will be able to repay the proposed instalments regularly?

(8) What should be the profits from the land that should be retained for the maintenance of the judgment debtor and his family?

Considering all these factors the Collector shall raise or lower the instalment multiple by .75.

The Commissioner in no case shall sanction an instalment multiple greater than 9 "and

where he sanctions more than 7.5, the landlord must have a large stable income apart from the profits of his land.

### Sale Of Other Properties Than Land

When it is found that the debt cannot be repaid from the instalment value of land any immovable property other than land may first be sold. The creditor may question the instalment value as high and urge the sale of property in land. Where there is a difference of opinion between the debtor and the creditor, appeal is provided for to the Revenue Board. The Collector shall thereafter sell immovable property other than agricultural land which is subject to mortgage, and if moveable, what is pledged as security for a loan. (Sec. 24).

### How To Fix The Number And Amount Of Instalments

He shall also fix the amount to be repaid each year in instalments and the number of years. The rules provide a schedule which gives the years and the figure for each year upto 25 years which when multiplied by the annual equated payment will amount to a sum equivalent to the debt that will be liquidated at an interest rate of  $4\frac{1}{4}\%$  in a given number of years. The following procedure is prescribed for fixing the number and amount of instalments.

The instalment value has been already fixed as a certain multiple of net profits. What would be the maximum annual instalment, if the instalment value has been spread over 20 years at an interest rate of  $4\frac{1}{4}\%$ ? The multiple supplied in the schedule for

the 20th year is 13.29. If the instalment value is Rs. 1329 for a land, the maximum instalment payable each year would be Rs. 100.

Supposing these maximum annual instalments are paid on debt, within how many years would the debt be liquidated? The amount of debt, let us suppose, is Rs. 886. When divided by the maximum annual instalment, the figure will be  $886 \div 100 = 8.86$ . This will be the multiple of annual payment until the debt is liquidated. If we turn to the schedule, the multiple of annual payment is 8.643 for 11 years and 9.250 for 12 years. The debt would therefore get liquidated at  $4\frac{1}{4}\%$  before the 12th year. In 11 years the debt will not be completely repaid and in 12 years more will be repaid. The instalment amount for each year would become less if it is spread over 12 years. The debt amounts to Rs. 886. The multiple of annual payment for 12 years is 9.25.  $Rs. 886 \div 9.25$  would be 95.66. If therefore, the maximum instalment payable is paid for each year on the debt, the debt will liquidate itself in 12 years and the instalment would be Rs. 95.66.

But suppose the longest instalments of 20 are given for the repayment of Rs. 886 at  $4\frac{1}{4}\%$ , the annual instalment, when Rs. 886 is divided by the multiple corresponding to 20 years that is 13.29, will amount to Rs. 66.66.

If the maximum annual instalment is paid, the annual instalment will be Rs. 95.66 and the debt will be liquidated in 12 years. If the minimum annual instalment is paid, the annual instalment will be Rs. 66.66 and the debt will be repaid in 20 years. The collector will, therefore, fix the period of

repayment between these two years at 16.

The multiple of annual payment for 16 years is 11.44. Dividing the amount of debt Rs. 886 by 11.44 the amount of annual instalment will be Rs. 77.4.

#### The Formula

The formula, therefore, for arriving at the number and amount of annual instalment is the following: Find out the maximum annual instalment repayable in 20 years at  $4\frac{1}{4}$  per cent on the instalment value of the land. Divide the sum of debt by the maximum annual instalment. This will give the multiple of the latter. Find out from the schedule to what given year it applies. Reduce the number and amount of instalment so as to correspond to the years and the multiple in the schedule. This will give the number and amount of instalment on the basis of the maximum instalment repayable in a year as calculated from the instalment value of land. Find out also the minimum instalment to be paid on a debt at  $4\frac{1}{4}$  per cent interest in 20 years. Strike an average of the maximum and minimum number of years and calculate for that number of years the annual instalment to be paid by dividing the debt by the multiple for that year. The average number of years and the annual instalment so arrived at will be the number and amount of the annual instalments for the liquidation of the debt. (Rules 36 to 43).

#### Other Checks

Another check in fixing the annual instalment is provided under Rule 44.V that it will not be more than  $\frac{2}{3}$  of the net income as calculated on the basis of

slump in prices and after deducting from the same, the land revenue due on the land. The balance will be the minimum left over for the maintenance of the judgment-debtor and his family.

#### Instalment For Different Plots

Having fixed the number of years and the annual instalment to be paid, the same has to be apportioned for different properties so that the instalment may be collected along with land revenue by the collector. The total instalment amount is fixed on different properties either in proportion to land revenue paid on them or the instalment value fixed for them. The amount so fixed for each property is to be collected in the given number of years already calculated. The annual instalment to be collected from each such property is found out by dividing the instalment amount allotted by the multiple of that year. This amount is to be paid on the property along with land revenue. The total amount of instalments to be repaid is Rs. 886. Three different plots pay a land revenue of Rs. 20, Rs. 10 and Rs. 5. The instalment amount is to be distributed as  $\frac{20}{35}$ ,  $\frac{10}{35}$ , and  $\frac{5}{35}$  i. e., Rs. 506, Rs. 203 and Rs. 127. The number of years in which the amount is to be collected being 16, and the multiple of annual payment for 16 years being 11.44, the annual instalment to be realised on the three properties will amount to Rs. 38.08, Rs. 19.08, and Rs. 9.5 that is a total of Rs. 66.66.

#### Revision Of Instalments

The instalments fixed are revisable on four conditions. Owing to years of scarcity they may be reduced. Where the loss of produce is between 6 as. and 8 as. in the rupee, a reduction of 4 as.

in the instalment is authorised by the rules. If the loss is between 8 and 10 as., a reduction of 8 as. is permitted. If the loss is between 10 and 12 as. a reduction of 12 as. is permitted. If the loss is more than 12 as. a reduction of 16 as. in the rupee is permitted. The instalments may again be readjusted if the land revenue is revised either at the settlement or otherwise. They may be readjusted if there had been an alteration in the "circumstances of a debtor." They may be readjusted if the debtor makes any advance payments in the Court. The instalments allotted to each property shall be a charge on the same until they are repaid.

The main principle underlying the fixing of instalment value is that it should be such as would be repayable easily when spread over up to 20 instalments. There should be no cause, unless it is beyond human calculation, for default in instalments. There should be provision for the support of the debtor and his family.

#### Amount Of Debt at $4\frac{1}{4}\%$ Per Annum As Multiple Of The Annual Equated Instalment

The calculation mentioned above are based on the following schedule given in the rules under the U. P. Encumbered Estates Act:—

No. of Years.	Debt As A Multiple Of The Annual Payment.
1.	.959
2.	1.879
3.	2.762 etc.

#### Temporary Alienations By The Court And The Collector

To what extent should the Courts be empowered in fixing instalments and sanctioning temporary alienations? Temporary

alienations of land involve a complicated procedure in calculating the net incomes of land, finding the mortgagee, maintaining accounts, and revising the payments that the better agency for the purpose would be the collector. We have already proposed that, while the instalment system providing for a charge on the land might be enforced in the case of decrees against all agriculturists, the revision of terms of mortgages and the letting of lands upto 20 years, and summary redemption of mortgages should apply only to small holders paying a land revenue of Rs. 90 and below. Whenever the Court finds that a temporary alienation has to be provided, it should pass such decrees for execution to the collector in respect of the small holders.

#### The Law On The Subject

Sec. 72 of the C. C. P. provides that the collector may make a representation to the Court "that the public sale of the land or share is objectionable and that the satisfaction of the decree may be made within a reasonable period by a temporary alienation of the land or share, and the Court may authorise the collector for such satisfaction in the manner recommended by him instead of proceeding to a sale of the land or share." The collector is empowered under Schedule III to make such temporary alienations. The collector cannot execute decrees of sale specifically provided for in a contract, by making a temporary alienation. The power is given to him only "in respect of a decree for the payment of money in satisfaction of which the Court has ordered the sale of immovable property." In such a case he gives notice to holders of decrees and persons

having claims in the property (Schedule III Para 3), ascertains the amount of decrees for payment of money either by himself or through the Court, and the immovable property available for their satisfaction, and draws up a scheme of liquidation.

The scheme will be either "to sell the whole property, or let in perpetuity or for a term the whole or part of the property on payment of a premium or mortgage a whole or part, or let on farm or manage himself the whole or part upto 20 years." If it is found by the collector that payment to an encumbrancer by sale of a portion will preserve the balance of the property, he may do so. If the whole debt is not covered by the scheme, the party will be given six weeks to pay the balance, in default whereof the collector shall sell such property necessary to cover the balance due. The balance if any shall be kept by the collector to the credit of the concerned Court which will dispose of it, in the following manner:—

1. "To keep down the interest or encumbrances on the property,
2. To provide for the subsistence of the judgment debtor as it thinks fit, and
3. To discharge rateably the claims of the original decree holder and any other decree-holders who first complied with the notice of the collector calling for claims on the property.

Sec. 68 C. C. P. empowers the Local Government to declare that in any local area the execution of decrees relating to sales or any interest in immovable property shall be transferred to the collector. In its notification No. 2271/ -1-93 of 8-10-1936, the U. P. Government

(Revenue Department) have declared that where the court has ordered any agricultural land or any interest in the same to be sold, such cases shall be transferred to the collector.

Sec. 4. of the Punjab Debtors' Protection Act says "that whenever a civil court orders that land be attached and alienated temporarily in the execution of a decree for the payment of money, the proceedings of such attachment and alienation shall be transferred to the collector". He is empowered under the same section to "decide the period of alienation upto 20 years in the case of scheduled agriculturists." When the collector so decides, "He shall act in accordance with the provisions of law applicable to a Civil Court of appeal."

The Deccan Agriculturists Relief Act provides under Sec. 22 that, when passing a decree against agriculturists, the Court might direct the collector to take possession of the land of debtor, which is not necessary for his maintenance for a period of 7 years and manage it by letting it on lease or otherwise for the benefit of the creditors.

The law, therefore, provides for temporary alienations by the Collector. But it should be made obligatory on courts, whenever they find that the amounts cannot be recovered by the instalment system, to transfer the execution of such decrees to the collector. Such transfer of cases to the collector may be restricted only to debts of small holders paying a land-revenue of Rs. 90 and below. Temporary alienations may be either made to the mortgagee or a third person willing to pay the annual rent or a premium or



both. Certain rules are provided in the U. P. Encumbered Estates Act regarding the letting of land. The net profits of the area mortgaged should not exceed three-fourth of the net profits from the entire property in land of the debtor. The value of the property mortgaged shall be calculated as a certain multiple of net profits, and the amount for which the mortgage is granted shall not be less than this value. The period of the mortgage shall be revised in case of failure of crops, grant of remissions owing to fall in prices, and alterations in the land revenue. The form of mortgage shall be of two kinds: the one possessory for 20 years, and the other simple. If there is a default in payment under the latter form of mortgage, the collector shall put the mortgagee in possession upto 20 years. Provisions of a similar type may be suitably adopted regarding temporary alienations.

#### Chapter V

#### Regulation Of Sales And Insolvency Provisions

It has been stated elsewhere that lands of the subsistence holder should not be attachable for debts, while a charge on the produce might be given to the creditor to half the surplus for 20 years, subject to the exemption of agricultural produce, to the value of Rs. 50. But in the case of the small holder paying a land revenue of Rs. 90 and below, the extent of his lands, larger than his subsistence holding, would be saleable property. It is equally necessary to prevent the conversion of the small holder into a subsistence holder. The exemption of all his lands from attachment will be unduly restricting credit. The credit system should

be interfered with to the minimum. When the court finds that a debt cannot be repaid within 20 years from the net income of the land after making due provision for the maintenance of the family of the judgment debtor, and it finds necessary to sell the same, its decrees should be transferred to the collector for disposal. It should be noted that the under mentioned provisions regarding sales shall apply only to small holders, the usual procedure through the court being followed in the case of others.

#### The Present Law

Sec. 68 C. C. P. empowers the Local Government to declare that in any local area the execution of decrees requiring sales of, or any interest in, immovable property shall be transferred to the collector.

The Collector thereafter may either postpone the sale for six months, giving time for the debtor to repay or "raise the amount by letting on payment of a premium or by mortgaging the whole or part of the property or sell the property. When selling, he may fix a reasonable reserved price for each lot, adjourn the sale for obtaining a fair price, or buy in the property or re-sell it." (Sch. III C. C. P. Paras 1 and 10). Any balance left in the scheme of liquidation will be kept by the collector to credit to the Court which will dispose of it in the following manner:—

(a) providing for the maintenance of the family of the judgment debtor and

(b) satisfying the original decree or rateably distributing the assets among the decree-holders.

The commentary on this section by Messrs Chitale and Annaj

Rao shows the limitations of the powers of the collector in executing decrees under this section. "He has no power to enquire into objections to attachment or sale, to entertain applications for rateable distribution, to decide whether the decree was satisfied, and whether there has been a compromise. Nor can he deal with property, not covered by order of sale or set aside the acts of the owner of the property before the transfer was made." If one of the parties to the proceedings in execution institute a suit, the court can recall its own records. The collector only acts on behalf of the court, and keeps an account on its behalf, while the disposal of the collections rests with the court. It is therefore necessary that the present law should be modified.

When the court finds that a claim cannot be satisfied by the instalment method of payment, and the amount can be recovered only by temporary or permanent alienation, such decrees should be transferred to the collector and the court should have no further responsibility for executing the decree.

When the Court also finds that the instalments fixed are in arrears, the collection of the further instalments should be transferred to the Collector so that he may take such steps for their recovery as he deems fit.

#### Collection Of Dues

The collector shall in the first instance try to collect the amount by letting the lands on mortgage either on a premium or annual, lease or both. Thereafter, he shall sell such immovable property other than land, but excluding the dwelling house and its sites and appertunances and such other

particulars as are exempted under the Civil Procedure Code. If the debt still exceeds the amounts so realised, he shall sell a portion of the land or whole as would satisfy the decree. All claims on the properties of the debtor shall be decided by him.

#### Sale Of Land

As the subsistence holding has been held to be exempt from sale, the collector will be able to sell only saleable properties other than the subsistence holding. He should be empowered when selling them to see that they are sold at a fair price. The Select Committee which amended the C.C.P. in 1907 proposed an amendment to set aside sales in the absence of a fair price. This, however, was not carried but Sec. 72 of the code gave powers to the collector "to represent to the Court that in a local area the public sale of land or share is objectionable, and that satisfaction of the decree may be made within a reasonable period by a temporary alienation of the land or share." The Court may authorise the collector to do so under the same section. Sec. 22 A of the D. A. R. Act gives power to the collector to set aside a sale within 30 days of the date of auction "if he considers the price bid by the purchaser to be inadequate."

#### Fixation Of Fair Price

The U. P. Encumbered Estates Act and the Temporary Regulation of Sales Act provide how the fair price should be determined. It should be calculated as a certain multiple of net profit or land revenue. The rules specify the multiple of net profits for all the tracts in U. P. The considerations that should weigh in arriving at the net profit have been already

described. The existence of irrigation facilities and the quality of land as compared with the average in the circle should be considered. The collector is not empowered to vary the standard transfer multiple, high or low by more than 16 per cent without obtaining the previous sanction of the Commissioner. He shall thereafter find out the preliminary transfer value of all the lands by adopting different multiples for different lands. He shall hear objections on the same and an appeal shall lie to the Revenue Board.

The collector shall finally settle the transfer value. The creditors shall be given a share in the property in proportion to the amount of debt owed to them and the transfer value of the land. The debtor should have the right to specify the piece of land that should be sold in the satisfaction of a decree, where a decree is not against a particular piece of land. (Sec. 5. Regulation of Sales Act) Where a creditor is not satisfied with a share of the land, he may apply to the collector to have it sold. (Sec. 34 E. E. Act). The transfer value of the extent to be sold may or may not be equal to the amount due on the same with or without its encumbrances. If it is equal, then the decree holder should be satisfied with the price realised in the sale even though it is lower than the decreed amount. Where transfer value is less than the amount due, "the sum realised in sale shall be deemed to satisfy the decree to the extent of the transfer value of land determined by the collector and the creditor may adopt any remedy open to him for the balance." (Sec. 7 Regulation of Sales Act).

Similar provisions of a suitable type should be embodied in any legislation for control of future moneylending.

## Insolvency Law And Composition Of Debts

### Determination Of Debts

Where the Collector finds that a debt cannot be repaid even from half the surplus produce for 20 years from a subsistence holding subject to the exemption of produce from land to the value of Rs. 50, then he should declare the debtor an insolvent. The collector may be assisted by a special judge who should be empowered to deal with cases of rural insolvency under a simplified procedure. This procedure should apply only to small holders paying a land revenue of Rs. 90 and below. Firstly, the amount due should be determined. We have described elsewhere the provisions of Provincial Acts under which a detailed investigation of the amount actually due is permitted. The principal amount should be determined. A reasonable rate of interest should also be determined. The amounts decreed by courts as due should be taken as they are. Rental arrears should also be determined by the collector.

### Composition Of Debts

Having decided the amounts due, the special Judge should assess the value of the assets. This should be done as in the case of sales by the collector by fixing the land value on the basis of the standard multiples of annual net profits. A share in the land shall be allotted in proportion to the amount of debt due to each creditor as settled as due among the several creditors. The priority of secured debts need not

arise until the property is sold. Debts should be composed not merely on the basis of secured and unsecured debts, and of priority of dates, but also according to the circumstances of the creditor. A secured creditor himself would prefer to forego his rights so that a widow or a minor who has lent small amounts, might be helped to recover their claims. The priority arises only in the distribution of the sale proceeds of the property when it is sold. The speech of Mr Townend on the Debt Conciliation Bill, in the Bengal Legislative Council, makes the position so clear that no apology is needed to quote it. "There should be a certain flexibility in the settlement. The scheme is a composition of debts. Payments directed in the settlement have no reference to realisation of security. The income becomes a security when the creditor takes steps to realise it and not before. Ordinarily the income remains at the disposal of the debtor and at that stage it is not a security. Is there any law preventing a man from paying an unsecured creditor at the same time as a secured creditor? Is it necessary under the existing law for a debtor to wait until he has paid off his secured debts before he pays one anna to unsecured creditors? If secured creditors should have priority over unsecured creditors, even second and third mortgagees who are practically unsecured creditors will get the priority."

#### Repayment Of Debts

Having settled the debts due to the several creditors, the collector should arrange for their repayment. Priority will no doubt be given to public debts as land revenue and items recoverable as

arrears of land revenue. The rent dues will come next. Secured debts will come third.

But this priority would be subject to any settlement arrived at among the creditors regarding the same. The special judge will distribute a share in the lands in order of priority and rateably to the assets available in the transfer value fixed for the lands. He may raise the amount to be paid to creditors by letting the lands on a premium or lease or both, or by selling the land, subject to the upset price fixed for the same or by transferring the land to the creditor.

#### Extension Of The Scope Of The Insolvency Act

Some of the provinces as Punjab and C. P. have amended the Provincial Insolvency Act so that the facility of a summary procedure in insolvency may be made available to the small agriculturists. At present those whose debts are below Rs. 500 cannot apply for insolvency and those whose debts are above Rs. 500 cannot apply for the benefit of the summary procedure. When the summary procedure is applied, no notice need be published in the Gazette, no receiver is appointed, no schedule of debts need be framed, and the debtor may apply within 6 months to be discharged. In order that the benefit of the summary procedure may reach the small holder, the Punjab Relief Act and the C. P. Amendment of Insolvency Act have reduced the amount of debt which entitles a debtor to apply for insolvency from Rs. 500 to Rs. 250. Secondly, the summary provision does not apply to those whose debts are above Rs. 500. This limit has been

extended to Rs. 2,000 in the Punjab Relief Act. The Deccan Agriculturists Relief Act provides that agriculturists with even a debt of Rs. 50 and above might apply for insolvency. In order to give the benefit of summary procedure only to small holders, it might be provided that agriculturists paying a land revenue of Rs. 90 and below should alone apply, that those who cannot repay debts of Rs. 50 and above might apply for insolvency, and that summary procedure would apply only in all such cases, removing thereby the upper limit of debt fixed at Rs. 500.

#### Declaration Of An Insolvent On The Motion Of The Collector

Even though a simplified procedure has been adopted in the D. A. R. Act, very few have taken advantage of it. The reasons mentioned for the failure of the Act in this respect are the following: The debtor is not anxious to be freed from debt provided the creditor is satisfied with the repayments made by him off and on. The creditor is not more severe than an insolvency court in insisting on the repayments. The debtor does not see such a promising future for him that he should somehow get rid of the existing debt so that he might conserve his income for his living and occupation. What all could be parted to the creditor by way of sale or mortgage of land, has been done, and there is nothing left to be retained for him by the insolvency method. No agriculturist would like to be declared an insolvent and thus lose his prestige while he has little to gain from it. Considering the mental attitude of the ryot who generally does not feel the time element in

a loan and consequently is in no way depressed by an unpaid debt and does not see also its growing volume in spite of his repeated payments of instalments, he should be saved against himself. In other words, all small holders, the decrees against whom cannot be realised by the sale of their assets should be declared as insolvents by the collector. They may also apply for insolvency to the special judge when their debts amount to Rs. 50 or upwards.

#### Principles Of Insolvency Procedure In The D. A. R. Act

The principles underlying insolvency are the expedition of collection of what could be paid by a debtor, and a new start for him to begin life a fresh. Whether a man can pay or not a debt is a question of arithmetic. The question of his past conduct need not enter into it as how he became an insolvent. Under the Provincial Insolvency Act an insolvent may not be discharged in view of his acts of bad faith or recklessness. Hence the D. A. R. Act provides under Sec. 26 that an agriculturist shall be declared an insolvent by the Court if he has applied that he is unable to pay his debts. Again under the D. A. R. Act the court may go into the history of the transaction. Not so under the Provincial Insolvency Act. The court Nazir is appointed as the receiver without any remuneration. The court hands over the property to the collector and not to the receiver for his management for 7 years to be let on lease or otherwise. If the debt is a secured one, the court authorises the collector to let the land for 20 years on payment of a premium or in the alter-

native to sell the land. When it is let on a premium, the rent paid if any shall go to the receiver for the first seven years and thereafter to the insolvent. When the collector manages the property, he shall set apart the extent necessary for the maintenance of the insolvent and his family. Under the Provincial Insolvency Act the Receiver may sell the lands without first letting them on lease and sell all the lands too.

We have already proposed in respect of recovery of amounts that lands might be let or mortgaged by the collector, or sold for a fixed transfer value subject to the exemption of the subsistence holding from sale, and permitting attachment of produce of a value of more than Rs. 50 and not exceeding half the annual surplus for a period of 20 years.

The provisions of the D. A. R. Act may also be followed in other provinces in the case of small holders.

## Chapter VI Regulation Of Money- Lending Basis Of Rural Credit

The instalment system, the restriction of mortgages to 20 years, the exemption of certain moveables and a portion of the produce from attachment, prohibition of sales of the subsistence holding under certain conditions, will no doubt restrict credit to useful purposes and conserve the lands in the hands of the rayat. But except the exemption of sale of moveables and subsistence holdings, every other regulation can be made only when the court is seized of a money claim. The security for the creditor is the inherent character of the rayat to

repay what all he could. Neither the creditor nor the borrower minds the huge principal and interest to be collected by the former and repaid by the latter. The agriculturist debtor is satisfied with his intention to repay. The lender too knows that the amount could not be repaid but it is better to keep the debtor in a perpetual sense of obligation and collect small sums as and when repaid. Agricultural banking in a country of subsistence holders has developed certain characteristics which are no doubt inevitable though unsound. But unless the causes that have resulted in such a system are rooted out the system too will persist. Prompt and small credits are required by the small holder off and on. Agriculture becomes unprofitable in years of scarcity. Debts incurred in such years naturally accumulate as irredeemable debts. The creditor does not know any other method of investment of his capital. Get as much security as you can for the loan, levy an exorbitant rate of interest, compound the same for default, but never insist on the repayment of the debt but collect what you can and never reject return of loans by way of services and goods. These are the principles of private banking. The creditor is willing to negotiate, compromise, and take a less amount. He joins in the community life of the village. He makes his contributions to village charities and festivals. In the absence of State facilities for organised credit and marketing, of restriction of rents as suited to the poor returns from agriculture, and of a developed citizenship to combine for common economic purposes, both the ryot and the moneylender have

evolved a system of banking which will make it possible for the former to ensure some employment on the land, and the latter a reasonable return in the long run on his capital.

#### Attachment To Land

Another condition that helps rural credit is the attachment of the rayat to his land who, both owing to sentiment and prestige, would allow the debts to grow and thereby lose all his lands, would prefer usufructory mortgage for a loan for an interminable period, would not stint in making perpetual payments to a creditor for all his life time, but would never reconcile himself to part with even a bit of land to pay off a debt so that his other extents of land may be saved from sale. The rural credit system is flourishing under these conditions. It is only when the creditor finds that a debtor can repay, and that resort to law courts will get him back his loan at less loss than the method of collections by negotiation, that he files a suit. Consequently regulation of money-lending by the revision of terms of a few money and mortgage claims by the courts will have little re-action on the credit system.

#### Control Of Malpractices

But considering the evil of perpetual subjection of the rayat to the money-lender, his loss of economic freedom, and the great relief which liquidation of debt would give him, control of rural banking is absolutely essential. With more and more of tighter organisation of the rayat for credit, production and marketing, rural money-lending will assimilate itself into the organisation. But till then it should be curbed of its usurious and unconscionable methods and it

should be induced to improve its administration. But any such regulation should in no way prevent the credit facilities which agriculture is getting today until a better system takes its place.

#### The Place Of Credit In Society

The greatness of credit lies in the fact that it is a life-giving instrument for the growth of humanity. Man evolves by the fullest play of his faculties. If the State can reorganise the social order as to give work of the right type to every individual and thus build up his capacities, it will be quickening human growth in rapid strides. But in its absence every small money lender has an important place in helping human evolution. For he creates a hope in the breasts of the down-trodden to raise a loan, to invest it in an occupation, and thus employ himself. The avenues of employment for a rayat to try his strength, to develop his capacities, make him discover his own powers and shape his environment for his happiness depend on the availability of credit. Work alone evolves man. The basis of work is the investment of capital. And one has to be very careful that, in eliminating the evils of a system of private banking, the greater evil of the growth of more unemployment in the country as a result of the drawing in of capital does not recur.

#### Restriction Of Personal Credit

Very often results quite the opposite of what we hope to achieve flow from legislation which tries to control economic transactions. Human intellect is more ingenious than the devices of the law to achieve its object. Further the reactions of a law are so many and intricate on

the economic life of society that one cannot envisage it fully. To illustrate, in order to conserve the land of the rayat, the D.A.R. Act has provided in Section 22 that "immovable property belonging to an agriculturist shall not be attached or sold in execution of any decree or order passed whether before or after this Act comes into force unless it has been specifically mortgaged for the repayment of the debt to which such decree or order relates and the security still subsists." The result of such a clause is that loans would be given by creditors only on specific mortgages. It will become extremely difficult for a rayat to get unsecured credit for agriculture.

#### Upper Limit For Loans

Mention has been already made about the difficulties in fixing an upper limit for loans. Restriction of the period of mortgages to 20 years and exemption of a portion of the agricultural produce from attachment in the case of small holders will result in the reduction of credit. A suggestion made regarding the fixation of upper limit for loans is that it would be workable if the borrowings of a rayat are restricted to a single creditor. This again is not possible as the rayat is financed by a number of creditors for various purposes and as there is no single credit agency in a village.

#### Time Bar For Suits

Probably until an efficient credit system comes into being for the benefit of the rayat, the courts are a primary agency available to regularise credit transactions according to the returns from land. Their jurisdiction might be made more

pervading by limiting the period for suits. Suits for recoveries of money are barred only after 3 years in the case of unregistered instruments and 6 years in the case of registered instruments. The date of calculation of the period of limitation commences from the last date of payment of principal or interest. The life of a document for suing in a Court can be kept alive indefinitely by making the debtor pay a small amount each time when a suit may become barred owing to the lapse of 3 or 6 years as the case may be. The period of limitation for suits may be fixed for registered and unregistered instruments at 6 and 3 years respectively from the dates of their execution. This course will compel both the debtor and the creditor to be alert in closing the transaction. If the case comes before the Court, the latter will have an opportunity of re-adjusting the claim to the repaying capacity of the borrower. The limitation will apply either to the instalment or the whole amount as it is so specified in the bond. But it is possible that where a creditor does not want to go to the Court, he may re-new unregistered bonds every 3 years. In this connection it may be noted that the D. A. R. Act, Bombay, has extended the period of limitation to 6 years and 12 years for unregistered and registered instruments respectively. The object of such an extension is declared to be to prevent the creditors from rushing to courts which will only increase the debts of the debtor. It should be remembered that the Court is sought for, only as an inevitable evil, and a money-lender would be glad to avoid it if he could. The result of restricting the limitation



period of suits will be that the instalment system would be more rapidly adopted as the creditor can sue for 3 or 6 years from the date on which each instalment falls due.

The period of limitation for unregistered bonds should be quite sufficient for the repayment of short term loans. But rural money-lending may not get under control by this method alone. The best arrangement would be a reorganisation of the credit system under the control of the State. Until it comes into being, some rules might be provided to control private money-lending in rural areas.

#### Definition Of Money-lender

Money-lending is done by all classes of persons. It can be controlled only in the case of those who do it as a regular business and to whom it is a major source of income. Some of the Money-lenders' Acts define the word money-lender as "a creditor who in the regular course of business advances a loan." (Punjab and Madras Acts) Again in the Madras Debtors' Protection Act bonafide advances made in business other than in money-lending are excluded. A creditor may therefore evade the Act by showing that he is not doing regular business of lending or that his loans relate to advances in business other than money-lending. Bengal and Assam use the words "any person who grants a loan." The best method would be the registration of money-lenders so that one would be in a position to know the class of persons to whom the Act applies.

#### Exclusion Of Certain Loans

Some of the Acts make an exemption in the case of certain class of loans. Bengal and Assam

make no such exemption. Advances issued by banks, companies and co-operative societies, and Government loans are excluded in the Punjab, C P. and Madras. Punjab also excludes loans advanced to a trader, and loans on mortgage or sale of immoveable property. C. P. excludes loans to agricultural labourers by their employers and Madras excludes advances between landlord and tenants, and partners in cultivation. In C. P. mortgages are included under the operation of the money-lenders' Act while a charge is excluded. This anomaly should be rectified. Madras restricts the operation of the Act to loans below Rs. 500. In U. P. maintenance of accounts relates only to loans of agriculturists. The object of a Moneylenders' Act is to regularise such business to conform to elementary standards of proper accounting. One can therefore understand the exclusion of banks or companies or credit societies which are enjoined by special Acts to maintain proper accounts. It is not also possible to give effect to an Act unless we know the class of persons to whom it applies. In an Indian village where every one does the business of money-lending at some stage of his life or another, it will be impossible to enforce an Act unless we know the exact class of money-lenders. The exclusion of certain class of loans of a master to a servant, and a landlord to a tenant, also becomes necessary. It will be extremely difficult to prove who is a money-lender unless you include loans of all kinds which will be unduly interfering with the various forms of helpful credit in rural areas. The Court will have to declare in every case that a creditor is doing

the regular business of money-lending before the Act applies to him. The better method would be the registration of money-lenders.

### Minimum Accounts And Returns

Most of the Acts in the several provinces provide for the minimum of accounting by a creditor with a view to protect the debtor against false claims and to ensure the determination of the exact amount due and thereby facilitate recoveries in the interest of the creditor.

In the Punjab, U. P., Madras, C. P., and Assam, maintenance of accounts of a debtor in prescribed forms showing the principal and interest accounts separately is obligatory on the creditor. The grant of a receipt for a loan is also obligatory in Madras and C. P. Periodical statements of accounts shall be sent to the debtor in U. P., the Punjab and C. P. In Madras, Bengal and Assam they shall be forwarded at the request of the debtor. A copy of the loan document should be supplied to the debtor in U. P. in the case of small agriculturists, and on demand by the debtor under the Assam Money Lenders' Act. The Acts provide that, where accounts are not written in the prescribed form, a whole or portion of the interest found due as well as costs may be disallowed. In case of wilful failure to give receipts or to credit payments on the bonds, the court may award the debtor such compensation not exceeding double the amount of such payment as it may consider proper. (Sec. 35.2. U. P.). Where the periodical statements are not supplied to the debtor on the due dates, interest shall cease from that date on the amount lent.

The Bengal Money Lenders' Act makes provision for disallowance of interest from the date of non-compliance regarding particulars of a loan which are not supplied on demand by a debtor. It has no other provisions to regularise account keeping by money lenders.

The D. A. R. Act has no provision regarding maintenance of accounts but issue of receipts is obligatory and particulars of the loan should be supplied on demand to the debtor. Where they are not so supplied, they become offences for each of which the penalty is a fine of Rs. 100. The Madras Debtors' Protection Act provides also for the maintenance of records relating to the name of the pawnor, the time to redeem pledges, and the description of the articles pledged, and the supply of copies of entries to the pawnor. Some of the Acts require the debtor to ask for particulars by registered post and to pay a small fee to the creditor for supply of information. (The Bengal Moneylenders' Act Sec. 7 and Madras Act 3 I. C. and 42.) This is hardly fair as it should be the bounden duty of any lender to keep his debtor informed periodically at least once a year, of what he owes.

### Rules Of Business

In so far as the principles underlying these Acts insist on reducing to writing the money claims due by a debtor, the separation of interest from the principal, the entry of recoveries in cash or kind, the supply of receipts for payments, and statement of accounts and copies of documents to the debtor, they are good by themselves. But they cannot regulate the business of money-lending. The amount of

credit that should be given for different purposes, the profit that should be made out of it, and the periods of repayments, all these will rest with the money-lender. Human nature not being farsighted or rather, being greedy to make the largest profit out of a small investment with little effort, the temptation will be to lend, where there is plenty of security, irrespective of the productivity of the purpose. The best security for a loan lies in the purpose for which it is used rather than in the property of a debtor. And when a creditor has an eye only on such security and less on the repaying character of the purpose in which the loan is invested, he naturally gets the security and not his money back. But some rules could be devised and standard forms introduced regarding agricultural loans. The latter may be classified into different kinds as short-term, intermediate, and long term. The amounts may be restricted to the purpose; Consumption credit required by an agriculturist family may be restricted to the cash expenses for articles other than food grains. Dates of repayments can be so fixed as to tally with the dates of returns from agriculture. Instalment amounts might be so fixed that they would be repayable from the profits of agriculture.

#### Licensing Of Money-lenders

All these rules could better be enforced by providing for some form of affiliation with the Reserve Bank which would insist on business rules, and for State audit of rural money-lending. The audit need not be merely mechanical but may make an administrative review of the transactions in prescribed forms. It is only

money-lenders doing regular business and making a living out of it that could come under some supervision. They should be not only registered as in the case of other money-lenders, but be licensed as money-lenders by the Local Government. They should be induced to take a license by offering them some special facilities. The facilities which Cooperative Societies and their members enjoy by way of remission of stamp fees for the search of encumbrances and the execution of documents, (decision of disputes by arbitration and the execution of awards) by recovering the dues as arrears of land revenue should all be available for the registered money-lenders. But the exemptions from Companies' Tax, or Profession Tax, or Income Tax, and from audit fees need not be made in their case as they are profit-making concerns. The concessions enjoyed by members of Co-operative Societies regarding the remission of stamp duties on the instruments registered by them, need not apply in the case of all agriculturists. Remissions regarding stamp duties should go to the small holders who could not pay, but not for all on the simple ground that they are agriculturists. They should apply only to small loans of Rs. 500 and below in co-operative credit societies which are expected to lend only short term and intermediate credit. They should apply in the case of mortgage banks to loans upto Rs. 3,000. They should apply only to small holders paying a land revenue of Rs. 90 and below. If such restrictions were adopted, Government would be able to save in the remissions granted to co-operative

societies and such savings may cover the losses in stamp fees due to their remission in the case of licensed money-lenders.

#### **A Fixed Charge On Produce**

Another method of inducement would be to give such money-lenders a fixed charge on the produce which is raised by the aid of loans advanced by them. The report of the Agricultural Department of the Reserve Bank of India discusses these two points. In regard to the registration of money-lenders we quote their views below: "We would be prepared to help by accepting the names of money-lenders approved and registered by Local Governments as one of the names on two-name paper, coming through scheduled banks, subject of course to general business restrictions as to amount etc. carrying a particular name. This should result in providing an additional and more direct link between the Reserve Bank and the agriculturist." As regards the fixed charge on produce the report makes a recommendation only in respect of co-operative societies. It says that if a charge is created on a crop raised by a loan, it may make it difficult for the agriculturist to sell it and, therefore, "a fixed charge should be created on the produce leaving it free for him to sell at the best market but making him liable to 3 months' imprisonment if he disposed of his produce without repaying the loan". Such a facility might be extended both to the Co-operative Societies and licensed money-lenders.

#### **Registration Of Money-lenders In C. P.**

The Central Provinces alone has an Act (13 of 1936) providing

for the registration of money-lenders. The Sub-Registrar is to maintain the register of money-lenders. The latter should pay a sum of Rs. 18 and obtain a registration certificate valid only for 4 years. The money-lending business is to be done only by those who have such a certificate. Those who contravene these provisions can be fined upto Rs. 100. The offence is compendable by payment of a sum of money not exceeding Rs. 100. The Act is to be in force only for 4 years. The Provincial Government expected an income of Rs. 3 lakhs as registration fees from money-lenders. While the Act makes it possible to locate the money-lender among the several creditors in a village and thereby facilitates the enforcement of the Money Lenders' Act, it holds out no positive approach for regulating the business of agricultural credit.

The Moneylenders' Acts also provide for the prevention of unscrupulous and unconscionable acts of the moneylenders. So long as these acts are due to the ignorance of the debtor to take care of himself, they will not be controlled by mere legislation. Further such Acts are intended only to curb the malpractices of the baser group of money-lenders. They are not intended against the latter as a class but against certain individual acts of their class. The existing measures prohibiting such acts are summarised below.

#### **Entry Only Of Actual Principal**

(1) The document should not show a sum larger than the principal actually lent. When interest rates are fixed, the creditor takes a bond for a larger amount of principal to cover the excess over the legal rate of interest which

he wants to recover. The Punjab Relief of Indebtedness Act provides in Section 37 that the entry of excess over principal should not be more than the legitimate expenses incurred, and if it is not so, the whole or any part of the sum claimed by the plaintiff may be disallowed at the discretion of the court. In U. P. Sec. 35 of the Agriculturists' Relief Act provides that, if a creditor enters in books a sum larger than is actually lent by "way of charges of expenses, inquiries, fines, bonuses, premia, renewals or otherwise", he may be fined Rs. 100 for the first offence and upto Rs. 500 for the second and subsequent offences. The Assam Money-lenders' Act prohibits charges of expenses on loans excepting reasonable costs of inspection of records and property. (Sec. 5)

#### Control Of Usury

(2) Under the Usurious Loans Act the Court, if it has reason to believe that a transaction was substantially unfair or the rate of interest was excessive, could reopen the transaction and determine the principal and fix a reasonable rate of interest. The court should consider the necessities of the debtor and his relations with the creditor in deciding on the unfairness of a transaction. The creditor might be asked to repay any excessive interest which he has taken. If a debtor has parted with a security, the court can order him to indemnify the creditor in such manner and to such extent as it may deem just.

Agreements entered into can be reopened by courts, if they are not older than 12 years from the date of transaction under the C. P., Madras, and Punjab Acts and 17

years from the date of transaction under the U. P. Act.

#### What Is An Usurious Rate Of Interest ?

As the Courts have been chary of deciding what an excessive rate of interest is in the case of a transaction, most of the Acts have defined the same as a guidance to the courts. In Madras 'the presumption of the excessive rate of interest by the court may be rebutted by proof of special circumstances justifying the rate of interest.' In the Punjab Act if simple and compound interest rates with annual rests at 12% and 9% for secured debts, and 18 $\frac{3}{4}$ % and 14% for unsecured debts are exceeded, they shall be deemed excessive by the court. In the Central Provinces compound interest above 10% on all loans and interest rates above 12% on secured loans and 18% on unsecured loans are presumed excessive until the contrary is proved. Stipulation for rests at less than 6 months is held excessive both in the U. P. and C. P. Acts. Under the U. P. Act 7% on secured debts and 9% on unsecured debts will not be deemed excessive while interest rates exceeding 12% on secured loans and 24% on unsecured loans shall be deemed excessive. The Madras Debtors' Protection Act provides in respect of loans of sums below Rs. 500 taken *after its enactment* (15th January 1936) that interest rates above 9% and 15% for secured and unsecured loans will be presumed as excessive for purposes of the Usurious Loans Act unless the contrary is proved. Under the Assam Money Lenders' Act if the rate of interest exceeds 12 $\frac{1}{2}$ % on secured loans and

18 $\frac{3}{4}$ % on unsecured loans, the presumption is that it is excessive in respect of suits under the Usurious Loans Act. The Bengal money-lenders' Act also provides that rates above 15 and 25 for secured and unsecured loans and stipulation of rests below six months shall be presumed to be excessive. It should be noted that these rates do not in any way prevent a court from deeming those below such rates as excessive.

All the Acts provide that the provisions would apply to all suits instituted after its passing namely the year 1918. But under the Madras Debtors Protection Act the presumption that a rate of interest above 9% for secured loans and 15% for unsecured loans is excessive, only applies to loans of the value Rs. 500 taken after January 1936.

#### Investigation Of Accounts

The Deccan Agriculturists' Relief Act describes in its Sections 12, 13 and 13A about the mode of investigating the history of a transaction. Where an enquiry cannot result in understanding the actual amount of a loan, the court may refer it to arbitration. All payments and prices of goods should be debited to the debtor. Only the sum due under the agreement should be noted. The accumulated interest added to principal should be separated. The court will decide on a reasonable rate of interest and credit the balance already paid as interest due on the principal except for special reasons. All payments should first be credited to interest and the balance to principal. Where a land is leased and profits are not known, the court will fix the same on the basis of the rental of the land. The court shall not decree under

arrears of interest more than the balance of principal due. Monthly simple interest at a rate allowed by the court will be calculated on the balance of principal determined as due by the court.

### Rates Of Interest

#### Profitability Of Agriculture

Rates of interest on agricultural loans should be such that borrowing for short term expenses for agriculture should be profitable enough to permit of its repayment from out of the agricultural incomes in a year. An agriculturist has either to pay rent for the land or if it is his own land, he should get a decent return on its capital value. Land tax is another charge on land. He has to incur cultivation expenses.

He has to buy cattle, maintain the farm sheds, and repair or renew his implements and an annual depreciation should be therefore provided for farm equipment. He should lay by something from each crop to meet his requirements of scarcity years.

The following rough calculation will indicate that the rate of interest should be very low if it is to be realised from the profits of agriculture. A man owning one acre of wet land or 10 acres of dry rain-fed land makes a gross income of Rs. 100. His cultivation expenses including wages for family labour will amount to a third of the same or Rs. 33. He has to pay a land tax of Rs. 10. Calculating for half the cost of a pair of cattle at Rs. 150 per pair, and deducting 10% as depreciation charges every year, a sum of Rs. 7 should be set apart for renewal of equipment. Supposing the value of crops that fail once in 7 years is equal to the crop of one whole year, a sum of

Rs. 15 should be set apart every year to cover the losses in years of scarcity. The balance available out of the produce will be only Rs. 35 which works to a rate of 3½% interest on the supposition that the capital value of land is Rs. 1,000. It is out of this balance available that the interest on the amount of Rs. 33 borrowed for cultivation expenses should be repaid.

**Interest Rate For Agricultural Credit**

Probably if no value were fixed for land, if it was taken as a grant for each individual cultivator in return for the land tax, if tenants were given security of tenure, agriculture may become profitable. Apart from the profitability of agriculture as an industry, the extent of holdings should be sufficient enough to provide for the subsistence of the cultivator and his family. Also while rates of interest should be as low as possible for short term credit, intermediate credit for purchase of cattle or implements for periods below 5 years cannot be higher than the short term rates. In the case of long term loans, the subsistence holder can only go in for productive loans which are realisable from the improvements made on land in a long period. These loans cannot be repaid out of his savings as he holds only an extent which is hardly or not even sufficient to maintain him. Long term loans to meet prior debts can hardly be issued in the case of the subsistence holder. The rates of interest for long term loans should naturally be less than those for short term loans.

**Fixation Of Interest Rates**

Having these considerations in view, let us examine the existing Acts which have been passed in

some provinces fixing the rate of interest on loans. Reference has been made to what are fair and unfair rates which have been defined as a guidance to courts with a view to check usury. But normal rates of interest which should govern all loans have been defined in some provinces.

In U. P. under Sec. 28 and 29 of the Agriculturists' Relief Act the prevailing rate for secured and unsecured loans of agriculturists shall be notified by the Local Government as 'a percentage rate above the rate of interest at which the latter borrows from the Government of India.' The following are the percentage rates under Schedule II.

	Loans of Rs. 500 and under	Loans between Rs. 501 and Rs. 5,000.
Secured loans with compound interest per annum with yearly rests ... ..	3	2½
Do.. Simple Interest per annum	5½	4½
Unsecured loans.—Compound interest per annum with yearly rests ... ..	7½	6
Do. Simple interest per annum	10½	8

The interest rate at which the Local Government borrows from Government of India may range between  $3\frac{1}{4}$  and  $4\frac{1}{2}$ %. The U. P. Relief Act also provides that where an unsecured loan is repaid within 2 years or the due date, the rate of interest for secured loans shall prevail. Under the C. P. Reduction of Interest Act 22 of 1936 the compound interest is fixed at  $7\frac{1}{2}$ %, and simple interest at 10% for secured debts and at 15% for unsecured debts for loans below Rs. 5,000. If the rate at which the Local Government borrows exceeds 4%, the general interest rates also will be increased to that extent. The Bengal Money Lenders' Act provides that where compound interest is levied, it shall not exceed ten per cent per annum.

#### Damdupat And Old Loans

Money-lenders' Acts also make provision regarding the limit of recoverable interest. The following considerations arise in fixing the limit. To what extent can you fix the limit for loans taken before the commencement of the Act? The Punjab Relief of Indebtedness Act provides that in respect of loans taken before the enactment of the Act, it shall not be more than twice the amount found as due by the Court at the commencement of the Act. The Madras Debt Conciliation Act also follows the same procedure fixing first June 1933 as the date to which the clause will apply instead of the date of commencement of the Act. The clause means that if the principal and interest on a loan amounted to Rs. 1000 at the commencement of the Act, the court shall not grant a decree for more than Rs. 2000. Such

a thing will never happen and while the Usurious Loans Act permits reduction of interest if found excessive by the court, these two Acts erjoin on the court that it may grant a decree equal to twice the amount of principal and interest due at the commencement of the Act. This provision waters down completely the principle of Damdupat by which the interest decreed shall not be more than the principal of the loan due. The Bengal, C. P. and Assam Money Lenders' Acts restrict arrears of interest to a sum equivalent to the principal amount under the loan. It was very unfortunate that the amendment proposed to the Punjab Bill by R. B. C. Chhotu Ram that—'a decree for a larger sum than twice the sum *originally advanced* as principal shall not be granted by any court' in the place of the 'sum due at the commencement of the Act,' did not pass in the Legislative Council.

The other Acts (C. P. Bengal and Assam) provide in respect of the loans taken before their commencement that arrears of interest shall not be decreed for more than the principal due. But in Bengal and C. P. the court may grant a greater sum than the principal of a loan under arrears of interest if the money-lender has reasonable grounds for not enforcing his claims earlier.

#### Damdupat And New Loans

One can understand that, in respect of loans taken before the commencement of the Act, it is not possible to limit interest including what has already been paid to the amount of principal advanced under the loan. For a debtor should not be allowed to get back what has already been paid



under a contract when the present law was not in force. But is it not possible to restrict interest in the case of future loans to the amount of the principal of the loan including what has been paid as interest, till the date of the decree? The idea underlying the limitation of recoverable interest is that a loan should not be allowed to be retained unduly longer than the time it takes to double itself under principal and interest. As future transactions will be made with a full knowledge of the law, it will not be unfair to limit the interest accrued (including what has been paid) to the principal of the loan. In respect of loans taken after its enactment and on which accrued interest equals the principal of the loan, the U. P. Relief Act fixes the rate of interest, at the rate at which the Local Government borrows for secured loans, and 2% higher in the case of unsecured loans.

### Other Kinds Of Interest Levy

Recovery of a rate of interest by various methods than through the stipulated interest are also disallowed in some of the Acts. The Assam Moneylenders' Act prohibits compound interest and default interest though it allows simple interest on default interest until it is repaid. The Madras Usurious Loans Act mentions that compound interest in the case of agriculturists will be presumed as excessive unless the contrary is proved.

### Rates Of Interest In The Co-operative Movement

The Provincial Co-operative Banks borrow at 1 and 5 per cent and the District Central Banks borrow at a slightly higher rate.

The member in the village society borrows at rates between 6 and 15 p. c. The movement should be so reorganised as to bring down the rate of interest on deposits, minimise the establishment and contingent charges, and the payment of dividends. If necessary, the agencies between the member and the Provincial Bank should be amalgamated and reduced so that the agriculturist would be able to get a loan at a minimum cost from the Provincial Co-operative Banks. In Madras loans to agriculturists are made available at 6¼% interest. If the rate at which Government borrows is 3¼%, the villager should be able to get money 6¼% leaving a margin of 3% for reserve fund, supervision, and cost of management. Considering the uneconomic holdings of the agriculturist, the heavy rents a tenant has to pay as a return to the landlord for the use of the land, and the poor incomes not exceeding 4% which a landlord is able to make on his purchased land, the lower the rate of interest, the larger will it augment the income of the rayat.

### Rate Of Interest - Conclusion

Mere fixation of rates of interest without the aid of the licensing of money-lenders is of little use. If the rules of business of money-lenders can be controlled, such a control may be a deterrent against the evasion of law by inflating the principal in the bond in lieu of a reduced rate of interest. Fixation of rates may regulate the rates of interest in Co-operative Societies, of banks registered under the Companies' Act, and of licensed money-lenders. The law of

Damdupat can always be applied. An excessive rate may be defined under the Usurious Loans Act. Compound interest and penal interest may be prohibited. The inclusion of costs incurred in the transaction of a loan under principal or interest may be prohibited. The advance deduction of interest may be prohibited. It may be laid down that repayments should first be credited to principal unless the repayment falls on the due date for interest.

There may be no harm in fixing a rate of interest with the full knowledge that it may not partially achieve its object.

As the efficacy of a legal restriction of interest rates is doubtful, it is better to confine such legislation to debts incurred for agricultural purposes. It may be still further confined to small holders, and to agricultural and industrial workers. The interest rates may be fixed on the basis of amounts and according to the periods for which they are borrowed. In no case should the rate be above 6 p. c. for these classes of people. It should be less when the loan is for a longer period than one year. Within the maximum fixed the money-lender will reduce the rate of interest to the borrower who gives a better security. There is therefore no need to provide in law for one rate for secured loans and another for unsecured loans. The fixation of the rate of interest on the basis of the borrowing rates of the Local Government may make it difficult for money lenders to adjust themselves. The better way would be for the Government to amend the Act regarding the rate of interest when it is found absolutely necessary.

### Inducements To Borrow

One of the evils prevalent in the rural credit system is the practice of inducing young men who are rich to borrow through village agents. The Assam Money Lenders' Act prohibits invitation to borrow by advertisements. Agents and Canvassers should not be employed for the purpose. The penalty provided for persons acting against these rules is three months imprisonment or a fine not exceeding Rs. 300 or both. Further if it is proved that a transaction has been entered into as a result of such advertisement or the inducements of agents, it shall be "illegal". The Assam Act has added a general clause that, if the moneylender is guilty of fraud or contravention of its provisions, the Court may debar him from carrying on his business subject no doubt to appeal as provided in the C.C.P.

### Protection Against Molestation

The Debtors' Protection Act C. P. protects debtors against molestation and intimidation. The offence is cognisable and bailable and the courts can take cognisance of the offence only on the report of the police officer.

The Debtors' Relief, and Protection Acts in the several provinces have also provided for measures protecting the debtor against the results of his ignorance and illiteracy.

### Mode Of Execution Of Instruments

Under the D. A. R. Act Sec. 63, every instrument that is registered should be read aloud to an agriculturist, be signed by two respectable witnesses, and the Sub-Registrar should attest about the transfer of

consideration. Where a document has a reference to previous documents, copies of the latter should be produced. The consideration should be fully stated in it. The executant should appear in person.

### **Mortgage, Lien Or Charge To Be A Written Instrument**

The ordinary law does not require that a charge or lien should be reduced to writing. Mortgages of the value of Rs. 100 and below may be effected without a written instrument by handing over the property to the mortgagee. Consequently false claims may be made or genuine claims may be rejected in respect of loans based on such securities. The Deccan Agriculturists' Relief Act provides that the creation of any interest on the land should be reduced to writing (Sec. 70) under the U. P. Agriculturists' Relief Act (Sec. 39) every loan shall be evidenced by a written document.

### **Proof Of Consideration On The Creditor**

Sec. 12 of the Punjab Debtors' Protection Act provides that the proof of consideration paid shall lie on the money-lender unless it is acknowledged by the debtor in his own handwriting or is endorsed by the registering officer. The result of such a clause would be that a money-lender would not like at all to lend to persons who are illiterate, except on registration of the documents. This will not only increase the expenses of getting a loan, but necessitate the registration of all instruments in the case of illiterates. As there are no registration offices in every village, it will hamper the free flow of credit for agriculture.

### **Non Recognition Of Payments Out Of Court**

The decree-holder should certify under the C. C. P. Order 21, Rule 2, any payment made by the debtor within 90 days, failing which the payment will not be recognised by the court. The result is the debtor suffers. This rule has been deleted under the Punjab Relief and Indebtedness Act, Sec. 71 of the D. A. R. Act also provides that the rule shall not apply to payments made in any proceedings under it.

### **Suit For Account Of Money Lent**

Under the D. A. R. Act a debtor can sue for an account of secured and unsecured debts. The court may grant a decree, and allow instalments. The debtor may deposit the amount due in the Court. In default of payment of instalments, the creditor may sue for the sale of land. The U. P. Relief Act also provides for suits for accounts in respect of unsecured loans. In case of overpayments the court may grant a decree for refund of the same.

### **Forum Of Suits Against Agriculturists**

Under the U. P. Agriculturists' Relief Act Sec. 7 and the Deccan A. R. Act Sec. 11, suits for recoveries of loans shall lie in the area where the debtors reside. This restriction will prevent the agriculturists from being dragged to courts where the moneylender resides.

### **Repayment Of Kind Loans**

The U. P. Relief Act Sec. 37 provides that when kind loans are taken by small holders, they may be returned in cash or kind and the collector shall decide in cases

of dispute about the fairness of the rate of interest.

### Miscellaneous

#### 1. Reduction In Stamp Fees

Mention may be made in this chapter of a certain other facility that is provided in U. P. The stamp duty and the registration and copying fees on bonds of value not exceeding Rs. 3000 has been reduced in the case of small holders. It should be sufficient if stamp fees were paid on documents relating to loan bonds. Copies supplied of the same to the debtors need no stamp fees.

#### 2. Objection To Sales Not Permitted

R. B. C. Chhotu Ram, the Minister of Development, Punjab, makes a reference to the procreditor character of the civil law. The one is that no objection can be made to the sale of land made by an executing court.

#### 3. The Responsibility Of The Third Party To Prove Ownership Of His Own Land

The second is that, if a land is attached by a decree holder, even if it is entered in the revenue

register as belonging to a third person, the onus of proof that the land does not belong to the debtor lies on the third person. These defects in civil law should be early remedied.

### Conclusion

Legislation will be evaded in many ways. Control of usurious and unconscionable methods will not by itself solve the problem of agricultural credit. We have so far dealt with the regulation and restriction of rural credit for the future. For without such provisions, liquidation of past debts will be of little avail. Even a scheme of control of future moneylending and liquidation of past debts will not solve the rural credit problem. It should be supplemented by a credit policy of the State which will control credit, promote small industries and organise production and marketing. It is not the object of this note to discuss the lines of fashioning a new agricultural credit policy nor the lines on which the liquidation of past debts should be undertaken. These are dealt with in separate notes.

## Summary of proposals—Controlled rural Credit.



### EXEMPTION OF MOVABLES FROM ATTACHMENT.

1. Local Governments should implement Clause 61 of the C. C. P. by exempting such agricultural produce from attachment or sale in execution of a decree as is necessary for providing until the next harvest for the due cultivation of the land and for the support of the judgment debtor and his family. (Page 6).

2. The exemption should not stand in the way of the small holder raising the required credit for short term and long term purposes in agriculture. (Page 8 and 12/).

3. A minimum produce to the value of Rs. 50 and cattle fodder of the same value and a maximum produce of the value of Rs. 300 on the ratio of  $\frac{1}{3}$  of the gross produce shall be exempt. (P. 13).

4. In the case of tenants the exempted minimum shall be Rs. 25 and on the ratio of  $\frac{1}{3}$  of the gross produce.

5. Implements and materials used in husbandry and animals kept for husbandry not exceeding two pairs of bullocks on the basis of the extent cultivated, and the minimum number of sheep and pigs necessary for farming as so declared by the collector of the district shall be exempt from attachment (Pages 2, 3, 15).

6. Clauses 1 to 5 above shall apply in the case of all small holders whose income from land is greater than from nonagricultural sources, and who pay a land tax of Rs. 90 and below. (P. 9 and 10).

7. In the case of the uneconomic holder paying a land tax of Rs. 30 and below, raw materials and produce of

subsidiary industries, and any livestock maintained shall be exempt from attachment unless a lien or charge exists on them for the creditor who has financed for such purposes. (P. 7).

8. There are large classes of nominal agriculturists who own bits of land but live mainly by making their income from other sources. Minimum produce to the value of Rs. 50 shall be exempted in their case. If they own no lands, produce to the value of Rs. 25 shall be exempted. In the case of cattle rearers, the heads of cattle necessary for earning a livelihood as fixed by the collector shall be exempt. Where they also cultivate lands, produce to the value of Rs. 25 shall be exempt. There shall be a lien on the raw materials, on the finished produce made out of them, and on the livestock, for the creditor who lends for such purposes.

In the case of rural workers whether owning lands or not, the implements of industry shall be exempt. Also wages and non-agricultural incomes, and one cow or one buffalo, shall not be attachable for debts. (P. 10, 11, 13, 14, 15).

9. The dwelling house and its appertunances shall be exempt in the case of agriculturists and rural workers. (P. 15).

10. These exempted particulars shall also be exempt in the collection of arrears of rent or land revenue. (P. 16).

11. The Local Government shall have power to increase the ratio of exempted produce in a local area or during periods of agricultural calamity. (P. 14).

## II. ALIENATION OF LAND.

12. Lands comprising a family farm of 2 acres wet or garden or 15 acres dry, and fetching a net income of about Rs. 200/- for a cultivator working with the aid of his family, shall not be sold in execution of a decree or in insolvency. Private sales shall be approved by the Local Government in respect of the family farm. A certain portion of the produce of such farms shall not be subject to exemption from attachment so that it may be available as a margin for raising the required credit for agriculture. The exempted land shall also be exempt from attachment and sale for the recovery of rent and land revenue. (P. 17 to 24).

### III. REGULATION OF MORTGAGES.

13. The court shall grant instalments except for special reasons for the debts due by agriculturists when passing or revising money decrees or preliminary decrees of foreclosure or sale. The amount decreed shall not exceed 20 times the annual net profits from the mortgaged land. When the Court fixes the instalments, it shall take due note of the amounts already paid. The interest on the decreed amount shall not be more than the rate at which the Local Government borrows. Remissions should be granted for payment of instalments in years of failure of crops. The limitation for applications for execution of decrees shall be 6 years.

In the case of small holders paying a land revenue of Rs. 90 and below, usufructory mortgage shall not extend beyond 20 years. A mortgagor may apply for redemption even before the due date, and when he could not even pay the whole amount due. The court instead of passing decrees of foreclosure or sale may put the mortgagee in possession upto 20 years. In the case of usufructory mortgages it may continue them in possession upto 20 years. The court can look into the accounts of a debt, and determine the principal and interest as fixed in law. A debtor should have the facility of making part repayments through the Courts. The Collector should have power of summary redemption of mortgages in the case of small holders. In the case of the subsistence holder owning a family farm the Court shall not decree more than the surplus produce of half the extent of his land for 20 years. The Local Government shall supply the Courts with figures of net profits of different kinds of land. (p. 24 to 34).

### CH. IV. INSTALMENTS AND TEMPORARY ALIENATIONS.

14. The instalments should be calculated on the basis of net incomes from land after taking due account of failure of crops, and setting apart a subsistence holding for the debtor and his family. Where a debt can be repaid only by temporary alienation of land, such cases should be transferred to the collector for disposal in respect of small holders paying

a land tax of Rs. 90 and below. Rules should be made fixing the conditions of temporary alienation. It should not exceed 20 years and leave a certain portion of the income from land for the maintenance of the judgment debtor and his family. (P. 34-40).

#### CH. V. REGULATION OF SALES AND INSOLVENCY PROVISIONS.

15. The Court shall also transfer cases of small holders to the Collector whenever their lands are attached for sale. The Collector shall fix a fair price on the basis of the net profit from land for which the creditor shall take the land. If the land is sold in auction, the amount of debt equivalent to the fair price fixed by the Collector shall be deemed to be discharged, irrespective of the price fetched in such auction.

16. Cases of insolvency of small holders paying a land revenue of Rs. 90 and below shall be decided by a special judge working under the Collector. The Collector may transfer all cases in which the amounts could not be recovered by sale of property or by temporary alienation of land to the special judge for disposal. Small holders may also apply to be adjudicated as insolvents when they are unable to pay their debts. Summary procedure shall be applied in all such cases. The Insolvency Act shall be amended providing for summary procedure even for small debts of Rs. 50 and above. The Usurious Loans Act shall be amended as mentioned in the next chapter and the rate of interest shall be fixed in law. The original principal and a reasonable interest shall be determined by the special judge under these laws. The debts shall be composed in the first instance without reference to the nature of security held by the creditors, providing always for the payment of the value of the security in land or the transfer of the land to the creditor when the security is realised by sale. The exemption of moveables and the subsistence holding from attachment and sale shall hold also good in insolvency. The principle of fixing a fair price for land shall also be followed. The instalments fixed shall not be more than 7 years in the case of unsecured debts and 20 years in the case of secured debts as provided in the Deccan Agriculturists' Relief Act. (40-45).



**CH. VI. REGULATION OF MONEYLENDING**

17. The period of limitation for suits shall be fixed for registered and unregistered instruments at 6 and 3 years respectively from the dates of their execution.

18. Those doing regular moneylending business should be registered as moneylenders.

19. The following provisions shall be made obligatory in regard to registered moneylenders in default of which they should be penalised as provided in some of the Moneylenders' Acts.

(a) Maintenance of accounts of a debtor in prescribed forms showing separately the principal and interest account,

(b) Issue of receipts

(c) Issue of periodical statement of accounts to the debtor

(d) Issue of a copy of the loan document to the debtor.

20. Moneylenders who subject themselves to an administrative audit of accounts and follow definite rules of business relating to agricultural credit should be licensed by the State and be given certain concessions similar to those given to Co-operative Societies.

21. A fixed charge shall be given on the produce for such moneylenders making the debtor liable to 3 months' imprisonment if he disposed of it without repaying the loan definitely taken for raising such produce.

22. The usurious rate shall be definitely defined in the Usurious Loans' Acts.

23. The court shall have power to investigate the whole account in determining the principal and interest due.

24. The rate of interest for agricultural loans shall not be more than 6 p. c., and shall be less than 6 p. c. for long term loans of five years and beyond. The law of Damdupat should be clearly explained in the case of new loans, that accrued interest shall not exceed the original principal. All repayments

should be credited to principal unless they fall on the dates due for repayment of interest. All kinds of levies other than interest should be prohibited.

25. The provision in the Debtors' Protection Act C. P. making molestation and intimidation cognisable and bailable offences should be adopted in the other provinces.

26. The procedure mentioned in the Deccan Agriculturists Relief Act Sec. 63 regarding registration of instruments may be followed in the case of illiterates in other provinces.

27. A mortgage, lien or charge should be a written instrument. (D. A. R. Act Sec. 70). Every loan shall be evidenced by a written document. (U. P. Relief Act Sec. 39).

28. Order 21, Rule 2 of the C. C. P., that any payment made by a debtor shall be certified within 90 days by the decree holder failing which it will not be recognised by the Court shall be deleted.

29. A debtor shall have the right to sue for accounts of money lent.

30. Suits against agriculturists shall lie in the area where they reside.

31. When kind loans are taken by small holders, they may be returned in cash or kind and the Collector shall decide in cases of dispute about the fairness of the rate of interest.

32. The desirability of reducing the stamp duties and registration fees may be considered in the case of small holders.

33. Objections to sale of land made by an executing Court should be permitted.

34. If a land is attached by a decreeholder, even if it is entered in the Revenue Register as belonging to a third person, the onus of proof that the land does not belong to the debtor lies under the present law on the third person. The onus of proof should lie on the decreeholder. (P. 45).

K. G. SILVASWAMY.

RURAL ECONOMICS  
OF  
CENTRAL GUJARAT

PART I

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BY

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## FOREWARD.



After passing my M. A. Examination, I thought of continuing my studies. So I registered myself as the Post-Graduate student.

Then came the selection of the subject on which I should write my thesis. I tried my hands at the various subjects but owing to one reason or the other, I had to discard all of them and finally decide in favour of "Cottage Industries".

In this little booklet, I beg to put before the readers the information which I collected on the subject when I was touring for my Ph. D. thesis. It has been prepared as a part—a very small one—of the larger study in which I am primarily interested. Thinking that the preliminaries that I have worked out will be of interest to readers prone to study the present day economics, I have ventured to publish the results of my personal investigations.

College,  
BARODA.

M. H. Shah,  
M. A.

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## CHAPTER I

### INTRODUCTORY

Of late rural problems have been assuming very great importance. Not that they were absolutely neglected in the past. The researches into the income and expenditure of the rural population and their debts, the rise of the co-operative movement, the inquiries into the banking facilities and development of industries were often the occasions that brought rural problems into prominence. The reorientation of British India Politics, the emergence of Mr. Gandhi as an advocate of rural uplift and the masterly investigations of the Agricultural Commission are some of the landmarks in the history of efforts concentrated on rural problems. Now rural uplift is not merely a slogan but a definite policy pursued by all Governments—Central, Provincial or of the Indian States. Even in Literature we find a direct or indirect impress of the rural problems showing how speedily and urgently we are coming to grips with rural population which ought to be — is — the real India.

At a time when we are all trying to tackle rural problems, it is but natural that currents and cross-currents of thoughts and policies would be let loose in the press and on the platform. The period of Transition. Every one is anxious to improve the condition of the peasant. But when we come to brass tacks, conflicting or different recipes would be held forth according to one's own political, social or occupational bias. However every one is agreed that very definite sets of studies are the essential prerequisites of any line of reforms, because in the period of transition of India where "Old order changeth yielding place to

new," the zeal for reforms and impatience for achievements would lead to a number of exaggerated, empirical and unsupported statements by speakers and writers. The danger of making such unverified statements and conclusions, a basis of new order, is quite evident.

It is therefore needless to stress the importance of such rural studies. But a word of warning may not be deemed out of place. The economic and social study need have no political or partisan bias. The Economic Science is a friend to every school of thought. It is only in the above sense that the economic investigations can be of any real use to the society. In the following lines, I have therefore made an humble attempt to put facts before students and workers interested in rural uplift problems.

With the intention of studying the rural conditions of Gujarat I started my investigations. I found that some work of the type was done for the South of Gujarat. I therefore turned towards the middle of Gujarat. There, I found that the conditions that obtained were most favourable for a study of this type. Therefore, I took up the work which was as difficult as it was instructive.

It was difficult because it was an original attempt – almost the first of the nature – which was made by me in the capacity of a student, who would hardly get proper response from the petty Revenue officers as well as the public unfamiliar to him. Besides this, an air of suspicion is widely prevailing over the country surveyed by me, so that my investigations were questioned by many. Thanks to the help of High Revenue officers like Mamlatdars and Vahivatdars I was able to overcome the above difficulties.

I began with the Taluka of Petlad. It was impossible for me to move from village to village and study the conditions separately for each village. Therefore I selected some representative places from the whole Taluka in consultation with Mr. S. V. Bhatt, the Vahivatdar of the Taluka. I studied the facts and figures about these places, and drew separate conclusions for each of them. Then I took up the general figures for the whole of the Taluka and drew conclusions.

After finishing the Taluka of Petlad, I took up the Taluka of Anand. There I followed the same method. I surveyed the following five places - Petlad, Malataj, Anand, Vasad, and Zintodia. Out of the above five Petlad and Malataj are situated in the Petlad Taluka which is a part of H. H. the Gaekwar's territories. As the general figures for many of the items of my inquiry were available from the Adarsh Patrak of the Taluka, I found it unnecessary to refer to any more places in that Taluka. Moreover, a survey of Bhadkad, one of the villages of Petlad Taluka is also available. It was prepared by the then Director of Commerce, Mr. M. B. Nanavati.

Anand, Vasad and Zintodia are in the Taluka of Anand which is a part of the Kaira district, of the British territories. For the general figures of the Anand Taluka I had to rely upon the Taluka report and the statements of the Mamlatdar, as they do not maintain a statement like Adarsh Patrak. Even the administration reports of the Talukas in British are bare sketches.

---

## CHAPTER II

### POPULATION

The first of the problems was the problem of Density of Population. The following table shows the area, the total population and the density per square mile.

Name	Area in Square miles	Total population	Density per Square mile
1 Petlad Taluka	183	1,48,545	812
2 Anand Taluka	244	1,54,120	631

The Taluka of Anand is bigger than the Taluka of Petlad by 61 sq. miles and thus supports 5575 more souls than the Taluka of Petlad. The greater density of population in Petlad Taluka is a clear indication of the fact that the conditions of living in that Taluka are in no way inferior to those in Anand Taluka.

The Taluka of Petlad has a total population of 1,48,545. Of it 19019 are literate i. e. 28 percent are literate. The Taluka of Anand has a total population of 1,54,120. Of it nearly 20036 are literate i. e. 13 percent are literate. The average literacy for the whole of India is put down to 10 Percent.

In both the Talukas, there is a preponderance of Patidars and Dharalas. There is a growing population by a tendency amongst the Patidars to sublet their lands and sit with their hands before them. The Nagirs and Christian missionaries deserve a special mention. In the Petlad Taluka, Nagirs have distinguished themselves by their education, wealth, enlightened social customs, standard of living etc. In the Taluka of Anand, the Christian Missioraries have distinguished themselves by undertaking manifold activities for the uplift of the depressed classes—the work which is done directly by the State in the Petlad Taluka.

### CHAPTER III

#### LAND AND ITS USES

The land of a particular place or Taluka is put to several uses. A part of it might be used for village site, the other might be used as a pasture, the third might be cultivated and so on. Following the principle of utility, I classified the land into three main classes. They are:—

- (1) Land set apart for public utility.
- (2) Land that is cultivated.
- (3) Fallow.

In every village, town or city a part of the land of the place is granted free of charge for public utility by both the Governments. In the technical terms of the Revenue department it is known under various heads as Gamthan, Grazing lands, land occupied by burial place etc.

**Table showing the land set apart for public utility**

Name.	Total Land in Bighas.	Land set apart in Bighas.	Percentage.
Petlad.	3864	629	24%
Malataj.	5078	419	12%
The whole taluka of Petlad.	1,99,436	18,712	10.6%
Anand.	9193	798	14%
Vasad.	5906	1312	22%
Zintodia.	1352	128	9.4%
The whole taluka of Anand.	Not available		

From the above table it appears that on average 15.5% of land is set apart free of charge for public utility in the Taluka of Petlad, while the same in case of Anand comes to 15.1%. The average for both the administrations, thus, come to almost the same figure with a little margin in favour of Baroda. British measure of Acre is turned by me into Bighas for facility of comparison.

Of the land that is cultivated, there are two main classes in both the Talukas. They are :—

- (1) Land that pays full assessment,
- (2) Land that pays partial assessment.

The first class of lands i. e. lands paying full assessment are known as Sarkari or Khatedar's lands. The second class of lands i.e. lands paying partial revenue are known as Barkhali or Sanadi lands. I have used the term Inami lands to speak of later kind of lands.

In H. H. the Gaekwar's territories, all the lands that pay partial revenue are known as Barkhali lands. In the British territories, there are two main divisions of lands not paying the full revenue. They are :—

- (1) Narvah
- (2) Sanadi.

But upon calculations I found that Narvah lands pay almost the full assessment. The following table illustrates the point.

Two main classes.



Name.	Total cultivated land.	Total Revenue.	Revenue per unit.
Narvah.	2594	13766	5.3
Sarkari	697	3600	5.1

For the above reasons, I have considered the Narvah lands as good as the Sarkari lands and have done away with two separate names. Mention here might be made of the fact that Barkhali or Inami lands in Baroda get better return from the Government.

The following table shows the percentage of Inami lands to the total lands.

Percentage of two classes of lands, to the total.

Name of Place	Total cultivated land	Sarkari	Percentage to the total	Inami	Percentage to the total
Petlad	2935	700	24 %	2225	76 %
Malataj	4658	2178	47 „	2480	53 „
Petlad Taluka					
Anand	7870	5759	73 „	2110	23 „
Vasad	4021	2170	54 „	1851	46 „
Zintodia	1225	725	60 „	500	40 „

From the above table, it appears that there is a greater percentage of Inami lands in the Taluka of Petlad than in the Taluka of Anand.

The following table shows the loss incurred by the Government by maintaining Inami lands in Figures of loss each of the places surveyed by me.

Name of the place	Total loss	Loss percent
Petlad	Rs. 7090	63 %
Malataj	" 5934	34.6 "
Petlad Taluka	" 1,31,633	50.4 "
Anand	" 4162	70 "
Vasad	" 3694	50 "
Zintodia	Not available	
Anand Taluka	"	

Thus the total amount of Inami lands as well as the item of loss on these lands appears to be greater in case of Petlad Taluka than in case of Anand Taluka.

## CHAPTER IV

### LAND REVENUE

The problems of land revenue have assumed great prominence during the last few years. A detailed study of it, therefore, will not be out of place. The one difficulty in such a study of these two Talukas is that while in the Taluka of Petlad, a Bigha is the unit of assessment, in the Taluka of Anand an Acre is the unit of assessment. I have based my calculations on the unit of a Bigha because the people of both the talukas are habituated to think in terms of a Bigha.

Before we start investigating into the land-revenue incidence, it is necessary to note the recent changes in the land-revenue policy of the Baroda State because they have immensely affected the land-revenue incidence in Petlad Taluka.

The first change that is recently introduced in the Taluka of Petlad is 25 percent reduction in the assessment proper, owing to the fall in prices, deterioration of land etc. This change has considerably lowered the incidence of land-revenue in Petlad Taluka.

The second liberal measure of the Baroda Government in the Taluka of Petlad is the grant of 25 percent remission for the current year.

I have, therefore, surveyed the land-revenue incidence under three main groups :—

The scheme of calculating land-revenue incidence.	Land revenue incidence
	(a) As it was before 25% reduction
	(b) As it is after 25 „ „
	(c) As it is for the current year i. e. after 25 per cent remission.

In each of the three main groups, I have included three tables—one showing the incidence on all kinds of village lands taken together and the other two showing the incidence on Sarkari and Inami lands separately.

**TABLE No. 1**

**Table showing the incidence of land revenue per each Bigha of cultivated land, as it was before the recent liberal measures of the Baroda Government were announced.**

Name of the place	Total cultivated land in Bighas	Total revenue in Rupees	Incidence per Bigha in Rupees
Petlad	2935	10994	Rs. 3-12-0
Malataj	4658	17130	" 3-12-0
The Taluka of Petlad	180724	723277	" 3- 9-0
Anand	7870	21448	" 2-12-0
Vasad	4022	7413	" 1-13 0
Zintodia	1225	3396	" 2-12-0
Anad Taluka	Not available		

**TABLE No. 2**

**Table showing land revenue incidence on Sarkari Lands as it was before the recent liberal measures.**

Name of place	Demand per Bigha	Name of place	Demand per Bigha
Petlad	Rs. 6- 0-0	Anand	Rs. 3- 0-0
Malataj	" 4- 0-0	Vasad	" 2-14-0
Petlad taluka	" 4- 3-0	Zintodia	" 3- 0-0
Average for Petlad taluka	" 4-12-0	Anand taluka	Not available
		Average for Anand taluka	" 3- 0-0

**TABLE No. 3**

**Table showing land revenue incidence on Inami Lands as it was before the recent liberal measures.**

Name of place	Demand per Bigha	Name of place	Demand per Bigha
Petlad	Rs. 3- 0-0	Anand	Rs. 1- 2-0
Malataj	„ 2- 3-0	Vasad	„ 1- 0-0
Petlad taluka	„ 1-13-0	Zintodia	„ 1- 4-0
Average for Petlad taluka	„ 2- 5-0	Anand taluka	Not available
		Average for Anand taluka	„ 1- 2-0

After considering the land revenue incidence per unit of Cultivated, Sarkari and Inami lands as it was before the recent magnanimous reductions and remissions of the Baroda Government were declared, I calculated the land revenue incidence in the light of the recent changes. The following tables have been prepared for the purpose.

The first change that is recently introduced in the Taluka of Petlad is 25 percent reduction in the assessment proper, owing to the fall in prices, deterioration of lands etc. In the following three tables, I have shown the land revenue incidence when allowance has been made for the recent 25 per cent reduction,

**TABLE No. 4**

**Table showing land revenue per unit of total cultivated land after 25 percent Reduction.**

Name of Place	Assessment in Rs. per Bigha	Name of the place	Assessment in Rs. per Bigha
Petlad	Rs. 3- 0-0	Anand	Rs. 2-12-0
Malataj	Rs. 3- 0-0	Vasad	Rs. 1-13-0
Petlad Taluka	Rs. 2-11-0	Zintodia	Rs. 2-12-0
		Anand Taluka	Not available

**TABLE No. 5**

**Table showing land revenue per unit of cultivated Sarkari land after 25 per cent Reduction.**

Name of Place	Assessment in Rs. per Bigha	Name of the place	Assessment in Rs. per Bigha
Petlad	Rs. 4-8-0	Anand	Rs. 3- 0-0
Malataj	Rs. 3-6-0	Vasad	Rs 2-14-0
Petlad Taluka	Rs. 3-2-0	Zintodia	Rs. 2-12-0

**TABLE No. 6**

**Table showing the land revenue per unit of cultivated Inami lands after 25 per cent Reduction.**

Name of the place	Assessment in Rs. per Bighs	Name of the place	Assessment in Rs per Bigha
Petlad	Rs. 2- 4-0	Anand	Rs. 1- 2-0
Malataj	Rs. 1-10-0	Vasad	Rs. 0-10 0
Petlad Taluka	Rs. 1- 6-0	Zintodia	Rs. 1- 0-0

The second liberal measure of the Baroda Government is the grant of 25 per cent remission in the 25 per cent Taluka of Petlad for the current year. In remission. Petlad eight of the villages of this taluka, remission Taluka. amounting to 50 per cent of the current year's assessment has been granted. Only the Sarkari lands are to get advantage of both reduction and remissions. The Inami lands or Barkhali lands are to get only 25 per cent decrease. Therefore, the figures of the land revenue assessment per Bigha of the Barkhali lands remain the same as they were in Table No. VI.

**TABLE No. 7**

**Table showing the land revenue per unit of cultivated lands when allowance has been made for 25 percent remission.**

Name of the place	Assessment in Rs. per Bigha	Name of the place	Assessment in Rs. per Bigha
Petlad	Rs. 2- 4 0	Anand	Rs. 2-12-0
Malataj	Rs. 2- 4-0	Vasad	Rs. 1-13-0
Petlad taluka	Rs. 1-11-0	Zintodia	Rs. 2-12 0
Average for Petlad taluka	Rs. 2- 1-0	Average for Anand taluka	Rs. 2- 7-0

**TABLE No. 8**

**Table showing land revenue per Bigha of cultivated Sarkari lands when allowance has been made for 25 per cent remission.**

Name of the Place.	Assessment in Rs. per Bigha.	Name of the place.	Assessment in Rs. per Bigha.
Petlad.	Rs. 3-6-0	Anand.	Rs. 3- 6-0
Malataj.	Rs. 2-8-0	Vasad.	Rs. 2-14-0
Petlad Taluka.	Rs. 2-1-7	Zintodia.	Rs. 2-12-0
Average for Petlad Taluka.	Rs. 2-10-0	Average for Anand Taluka.	Rs. 3- 0-0



From the Tables No. I, II and III, it is evident that upto now the taluka of Petlad was a little highly assessed than the taluka of Anand. But as is seen from Tables No. IV, V and VI, the magnanimous reduction of 25 percent has brought the assessment of Petlad Taluka more or less in level with that of the Anand taluka. If we add to this the 25 percent remission that is granted for the current year in the Taluka of Petlad, we find from Tables No. VII and VIII that the land revenue demand for the current year in Petlad Taluka will be lower than that in Anand Taluka. We must not forget to take note of 25 percent suspension that has been granted in Petlad Taluka over and above the remission and reduction. There is not the slightest ray of doubt in the fact that the recent liberal measures of Baroda Government have accorded a very substantial relief to the agriculturist.

During my tour in the two Talukas, I had an opportunity of learning the mass impressions about land revenue. The people of the Taluka of Petlad complained of a little heaviness of land revenue demand in case of Sarkari lands. As regards, Barkhali lands, the complaints centred more round the penalties charged for the transfer of the Barkhali lands from one holder to the other than round the heaviness of demand. They told me that though the land revenue incidence on the Barkhali lands was not heavy, the penalties were simply exorbitant. I was informed by the people of Malataj of a case where for the transfer of land from the name of a husband to the name of his wife after his death, the penalty of Rs. 200/- was charged. I have not been able to verify the fact officially. I therefore make this reference for whatever it is worth.

In the Taluka of Anand there were few complaints of land revenue incidence. The people of Anand Taluka think

that land revenue in their Taluka is quite reasonable. They also believe that it is lower than in the Taluka of Petlad.

Closely connected with the question of land revenue is the question of rent of the land. It is believed that the assessment ought not to exceed four times the rent. The following table shows the amount of rent and its relation to the amount of assesment.

Name of the place.	Rent per Bigha in Rs.	Assessment per Bigha in Rs.	Ratio of assessment to rent
Petlad.	15-0-0	3- 0-0	5 : 1
Malataj.	12-0-0	3- 0-0	4 : 1
Anand.	11-0-0	2-12-0	3 : 1
Vasad.	11-0-0	1-13-0	6 : 1
Zintodia.	11-0-0	2-12-0	3 : 1

From the above table one can see that the rent paid by the cultivators of the Taluka of Petlad is higher than the same paid by the cultivators of the Taluka of Anand.

## CHAPTER V

### REMISSIONS

After I had considered the incidence of land-revenue, the closely related question of remissions was studied by me. India is a land of agriculture where 80% of population derive their livelihood from agriculture. This agriculture is itself dependent upon rainfall; which is as capricious as the colours of the sky.

Many a time, therefore, the peasant does not get the full crop. The yield varies between 10 and 12 annies—16 annies

and 12 annies being considered as full crop in Petlad and Anand Taluka respectively,—and hardly goes beyond 14 annies. If the rainfall is more than enough or less than enough or untimely, it will affect the yield. Besides rainfall there are certain other destructive agents like Frost, Pests etc. Their visits are always very harmful to the crops

The land revenue assessment is fixed on the consideration of average crop that the land would yield under normal circumstances. So the object of remissions is to mitigate the hardships caused by abnormal circumstances like those mentioned above, land-revenue remissions are granted.

In the two Talukas that I surveyed, the systems of granting such remissions are different. In the Taluka of Petlad, the periodical remissions amounting to the particular percentage of the total revenue-demand are granted. In the Taluka of Anand the annies of the yield are calculated and proportionate suspensions are declared.

The fundamental difference between the two systems is that while Baroda allows remissions of the current year's revenue demand as well as remissions of the suspended revenue in the succeeding years, the British administration in Anand grants remissions not of the current revenue but only of the suspended arrears. In the Anand Taluka all the suspended arrears that are in excess of one year's revenue or are more than three years' old, are automatically written off. In this way, the remissions are granted in Anand Taluka. No direct remissions are granted for the current year's revenue demand.

For determining the necessity and extent of remission and suspensions, annies of yield are calculated in both the Talukas. For the purposes of calculating these annies, in Anand, there is a Board constituted of five members, out of which 3 are Government officers and two are from the people. At other places in the Taluka of Anand, these annies are calculated by the Mamlatdar in consultation with some prominent people of the village.

In the Taluka of Petlad these annies of yield are calculated by Talatis and Vahivatdars in co-operation with the people. No arrangement of Boards, as is found in Anand, is found in Petlad Taluka.

Here a very important difference between the two systems of calculating annies deserves to be noted. According to Baroda rules, the annies of yield are calculated for the whole of the village. Therefore, a cultivator whose fields have yielded a normal crop also gets the advantage of remissions. In Anand Taluka this defect is avoided by calculating the annies of yield not only for the whole village but for individual Khatedars also, according to the annies of yield as fixed for the whole village for the various crops. The advantage of this system is that only those Khatedars who have actually suffered as a result of bad season get the advantage of remission and suspension.

For granting remissions the Baroda administration considers 16 annies as the full crop and 8 annies as the half average crop while the British administration in Anand Taluka considers 12 annies as the full crop and 6 annies as the half average crop. The Baroda Government is a little liberal therefore in this case. Ag-

in the Baroda rules provide for total remissions of the current assessment if the crop is 2 annas or less than two annas in case of Khatedars whose assessment is Rs. 20/- or less.

Baroda has repeatedly shown much more generosity than what is contemplated by rules. The remissions in the Taluka of Petlad have been frequent as follows :—

YEAR.	Amount.
1931-32	Rs. 2495-9-0
1932-33	Rs. 4229-0-6
1933-34	Rs. 76424-1-1
1934-35	Rs. 71741-8-1
1935-36	Rs. 3725-2-9
1936-37	Rs. 3793-12-3
1937-38	Rs. 4139-11-4
1938-39	Rs. 2,44777-12-7

The figures of the above table show that almost every year there have been remissions in Petlad Taluka. The figures for Anand Taluka for per annum from the whole of the decade are not available. I was able to get figures for Anand only, which I have compared in the following table with the figures for Petlad.

Name.	Year.	Total demand in Rs.	Remission in Rs.	Loss per cent.
Petlad	1933	10994	525	4.8%
"	1938	10994	785	7.1%
Anand	1936-37	24148	228	1%
"	1937-38	24148	552	2.2%

From the above table we get a rough idea of the loss per cent per annum caused by the two systems. It seems that

the advantage accruing to the people from the Baroda method is greater than that from the British method.

Of the two systems of granting remissions, I prefer the system obtaining in the Taluka of Anand for it is more efficient as well as economical. The main object of the remissions is to mitigate the hardships caused by abnormal circumstances. It is therefore necessary that the benefits of remissions should be secured for those who have been the real victims of abnormal circumstances. In the case of the periodical wholesale remissions the benefit accrues to each and all the Khatedars without any distinction of the damage caused. In the case of the Annavary system the benefit accrues only to those who have really been the victims of the abnormal circumstances and that too in proportion to the damage caused. If we look from the view-point of the Government; the loss caused by the wholesale remissions system is greater than that caused by the annavary system as it is shown by the Table on the foregoing page.

The purpose of granting such remissions, reductions and suspensions in land revenue is to lighten the burden of the cultivator and to bring about the balance of the two sides of the cultivator's budget. But it is seldom that the purpose is served.

For this purpose we might divide the cultivators into three main classes as follows:—

- Defects common to both systems.
- (1) Those holders who cultivate the lands they hold, or peasant proprietors.
  - (2) Those holders who do not cultivate the lands themselves but lease it out to the tenants, or Zamindars.
  - (3) Tenants who cultivate the land on rent basis or sub-tenants.

Reduction, remission and suspension directly affect the peasant proprietors who get their full advantage directly. But the case of the sub-tenants of the Zamindars is different. They have to secure the advantage of remission, reduction and suspension through the Zamindars, who are expected to give the proportionate remissions to the tenants.

A slight rise in the land revenue will be ultimately shifted by the Zamindars to the sub-tenants while Zamindars the benefits of remissions etc, will be unwilling to grant enjoyed by them. Though the Government proportionate con- ordains that the sub-tenants will have a cessions. right to get proportional benefit of remissions and reductions from their Zamindars, the sub-tenant, it is feared; will rarely secure such a benefit. The Zamindar is very unwilling to reduce the demand in the spirit in which the reduction in the demand of the Government is made.

Moreover, the cultivator is hardly energetic enough or illiterate enough to get the rent reduced in proportion to the reduction in the Government demand. The tenants make casual the cultivator, an effort to get their rent lowered but the obstacle in his efforts to get their rent lowered but the path. Zamindar is too crafty to yield to such casual efforts. Moreover there is no legal obligation on the part of the Zamindar to reduce his demand in proportion to the reduction of the Government demand. The only way therefore to secure the benefit of such remissions and reductions for the cultivator himself is for him to unite and force the Zamindar to lower down his demand. This is the practical lesson which I learnt from Petlad. The Petlad Zamindars are highly unwilling to lower their demand. The sub-tenants, therefore, have united in an Association there and have resolved that none from them should take up for cultivation the land

given up by the other for reasons of his disagreement with his Zamindar in point of the reduction of rent.

In the Taluka of Anand no such activity is found amongst the farmers, who are there legally entitled to bring a suit against Zamindar if he does not give the proportionate benefit of Government remissions etc., to them.





## CHAPTER VI SUSPENSIONS

For the same object for which remissions are granted, suspensions are also granted. By suspensions a part of the current year's revenue demand is not exacted that year but is suspended for the next year.

The systems of granting suspensions obtain in both the Talukas. No suspensions are to be granted unless the crop in any year is less than half the average standard crop. Baroda is more liberal here because it takes 8 annies as half average standard crop while the British in Anand Taluka take 6 annies as the half average standard crop.

Baroda grants total suspension if the crop is less than 3 annies while the British in Anand Taluka grants the same concession if the crop is 4 annies or less in value. The British administration, in this case, is more liberal than Baroda administration.

If the crop is 3 annas and more but less than 6 annas Baroda gives half the suspension which is also allowed by the British if the crop is over 4 annas. This means that the maximum annavari standard for 50 percent suspension is just the same in both the Talukas.

In Petlad Taluka no recovery of suspended arrears is contemplated by Baroda rules if the crop is less than 6 annas while in Anand Taluka no recovery is contemplated if the crop is less than 8 annas. The British rules are more liberal in this case.

In Petlad Taluka, the suspended arrears are to be recovered by not more than 8 and not less than 4 annual instalments but the amount should not exceed 25 percent of the current assessment; while in Anand, extra half assessment is recovered if the crop is eight annas but under 11 annas, and a whole extra assessment is collected if the crop is 11 annas and over. In this case Baroda rules seem to be much more liberal than British rules in point of recovery of suspended arrears by easy instalments spread over a number of years.

The Petlad Taluka is entitled to a remission of as much suspensions as are in excess of twice the amount of the current year's assessment. The Anand taluka is entitled to a remission of as much suspensions as are in excess of one year's revenue. The British rules seem to be more liberal here but we must not forget that remissions or suspensions are the only remissions provided by the British rules.



## CHAPTER VII

### THE ECONOMICS OF CULTIVATION

The ratio of the expenses of cultivation to the yield is a sure sign of the prosperity or the otherwise of the cultivators.

From an examination of the crops grown in both the Talukas, I have found that the greater portion of the cultivated area is occupied by tobacco in both the Talukas. Therefore, the net income accruing from the cultivation of this crop will give us a fair idea of the economics of cultivation in the two Talukas.

The following table shows the expenses of cultivation per Bigha of land in case of the tobacco

Expenses of crop.  
cultivation.

The class of the cultivator.	The net expenses excluding land revenue.	Net expenses including land revenue in Petlad taluka.	Net expenses including land revenue in Anand taluka.
1 The peasant Proprietor.	Rs. 15	Rs. 19-8-0	Rs. 18-0-0
2 The capitalist Farmer.	Rs. 30	Rs. 34-8-0	Rs. 33-0-0

There is a third class of the cultivators. They are the sub-tenants or those cultivators who cultivate the land on rent basis. They have to pay the rent to the Zamindars. In Petlad Taluka the average amount of rent to be paid is Rs. 12/-,

Therefore the expenses of the sub-tenant farmer in Petlad taluka are Rs. 31-8-0.

In the Anand taluka the average rent to be paid comes to Rs. 9-. Therefore the expenses of the sub-tenant in case of Anand Taluka come to Rs. 27.

The yield per Bigha of land in the Taluka of Petlad is 12 maunds of tobacco on average. In case of the Taluka of Anand the same is 10 Mds. come per Bigha. An average price obtained by tobacco-sellers of the Petlad Taluka is Rs. 4-8-0 per Md. while that obtained by the tobacco-sellers of the Anand Taluka is Rs. 5 per Md. Therefore the gross income per Bigha of land in case of the tobacco field of the Petlad Taluka is Rs. 54. The same in the case of Anand comes to Rs. 50.

The following table shows the net income accruing to each class of cultivator from a Bigha of land.

Name of the Class.	Name of the place.	Expenses. Rs.	Gross income. Rs.	Net income. Rs.
(1) The peasant proprietor.	(a) Taluka of Petlad.	19-8-0	54-0-0	34-8-0
	(b) Taluka of Anand.	18-0-0	50-0-0	32-0-0
(2) The Capitalist Farmer.	(a) Taluka of Petlad.	34-8-0	54-0-0	19-8-0
	(b) Taluka of Anand.	33-0-0	50-0-0	17-0-0
(3) The Sub-tenant farmer.	(a) Taluka of Petlad.	31-8-0	54-0-0	22-8-0
	(b) Taluka of Anand.	27-0-0	50-0-0	23-0-0

From the above table it seems that the net income of the cultivators of the Taluka of Petlad is slightly higher than the net income of the cultivators of Taluka of Anand. The net income of the peasant proprietor is the highest in both the Talukas. If he has got a family of five members, a holding of 8 to 9 Bighas will be just sufficient to maintain him and his family fairly. For the Capitalist farmer a holding of not less than 12 Bighas is necessary. For the sub-tenants a holding of 10 Bighas will be necessary.

From the above calculations of the net income of the different types of the cultivators, I have found that economically the position of the peasant proprietor is better than that of the other cultivators.

The following table shows the percentage of sub-tenants to the total number of holders.

Place	Total holders.	Sub-letters.	Percentages.
Petlad.	335	160	47
Malataj.	635	235	37
Petlad taluka.	22380	485	21
Anand.	1350	700	52
Vasad.	500	200	40
Zintodja	170	50	28
Anand taluka.	Not available.		

From the above table it appears that there is a greater number of Peasant Proprietors in the Taluka of Petlad than in Anand Taluka.

The second correlated fact is the size of the holding in both the Talukas. The average size of the holding that obtains in both the talukas is much below that of an Economic holding necessary in these Talukas. The following table shows the economic holding and the actual holding.

Place.	Size necessary for Economic Holding. in Bighas	Size of the existing holding. in Bighas.
Petlad	12	8.1
Malataj	12	7.7
Taluka	12	8
Anand	12	5
Vasad	12	8
Zintodia	12	7
Anand Taluka	Not available	



## CHAPTER VIII.

### TAXATION AND WELFARE.

Taxation plays an important part in the prosperity of the people. During some recent years, a cry has been raised against the heaviness of the tax burden. If higher taxation can be said to be an index of the poverty of the people, England and America will surely be considered poorer than India. Lighter taxation can not necessarily be the unconditional criteria of the goodness and efficiency of the Government and the prosperity of the governed. Real welfare of the people can be judged only by calculating what the people actually pay to the State and what the State gives in return in the form of good administration; educational and medical facilities, transport etc.

It was for this purpose that I made an effort to calculate the ratio between the dues paid by the people and the services rendered by the State.

While investigating on this point I found that in the Taluka of Petlad the Government spends 51 percent of the dues received by it from the people. This is surely a very high percentage. The figures of expenditure in case of Anand Taluka were unfortunately not available. Here I must state that the records maintained by the Baroda Government are highly up-to-date and scientific and offer greater facilities of such rural studies.

For the purpose of rough comparison, I quote here the results obtained by Mr. Mukhtyar in his investigations of Atgam, a representative village of the Bulsar Taluka of Surat Government District. "It is evident that only 11 per cent of what is paid to the Government is received back by the people." writes Mr. Mukhtyar on page 271 of his book named "Life and Labour in a South Gujarat Village".

After considering the ratio between the dues paid by the people and the services rendered by the State I come to the actual services as they are rendered by the State in these two Talukas.

Of all the services rendered by the State, I consider the services in connection with education the most important. It is needless to stress this point further in this age of Democracy whose very basis is the enlightened public opinion.

In the Taluka of Petlad 28 percent of the population are literate. In the Taluka of Anand, only 13 percent are literate. 28 percent literacy is surely a creditable achievement of the Baroda Government for the average literacy in India is put down to 10 per cent only.

The reasons of such a marvellous educational progress of Petlad Taluka are not far to seek. It is the result of the enlightened policy of His Highness the late Maharaja Sayajirao Gaekwad who was first in the field to make a bold and costly adventure of educating masses by introducing the system of free and compulsory education which even to-day is not obtaining in the British territories. In the Taluka of Anand, there is no free and compulsory system of education. This is why the percentage of literacy in Anand Taluka is lower than in Petlad Taluka.



The Baroda Government spends very liberally after the education of the masses. This is evident from the figures of educational institutions in the two Talukas. The number of primary schools in the Petlad Taluka is 143, while that in the Taluka of Anand is 95. In the Taluka of Anand only 50 percent of the children of school going age receive education while in Petlad Taluka almost all the children of school going age receive education.

The other noteworthy feature of the Baroda State educational policy is its special provision for the education of the depressed classes. A number of schools and boarding houses are established for this purpose. In Anand Taluka this work is undertaken by the Christian Missionaries and the State does very little in this connection.

The last but not the least is the system of libraries. It is found that greater portion of the boys and girls studying in the primary schools leave their education too early. To help them maintain their standards of education and to allow them to be progressive, libraries play an important part.

In the Taluka of Petlad there are seventy eight libraries i. e. almost every village of this Taluka is provided with a library. In the Taluka of Anand there are hardly ten libraries i. e. there is one library per every group of eight villages.

The system of travelling libraries was first introduced in the Baroda State, whose example the British are today following, in Anand Taluka. It is only during the last year that 7 travelling libraries were given to Anand Taluka. This year 7 more are to be given.

The backwardness of Anand Taluka in matters of educational facilities is an accepted verdict.

**Backwardness of Anand Taluka.** When the Charotar Education Society was organised for the furtherance of cultural progress of the Middle Gujarat, Petlad and Bhadran Talukas were deliberately excluded from its sphere of active propaganda on the ground that these two Talukas were amply furnished with educational facilities owing to the highly liberal policy of the Baroda Government.

The second important service that can be rendered by the State to the people is the medical aid.

**Medical aid.** Here also I have to admit that the Taluka of Petlad is furnished with more medical facilities than the Taluka of Anand. There are 7 dispensaries in the Taluka of Petlad as against only 4 in Anand Taluka. Besides dispensaries there are a number of Associations for Medical help or Aushadhalaya Mandals as they are known, in Petlad Taluka. There are no such Mandals in Anand Taluka.

Industrially also there is a little margin in favour of Petlad Taluka. The number of towns in Petlad

**Industrial development.** is 7 while the same in Anand Taluka is 4. Petlad proper though being a little remote, from the developed area, has electric lights of its own. Moreover a scheme of connecting Petlad with Baroda by telephone is, as far as I know, under consideration of the Baroda Government. Petlad has two mills and a number of ginning presses while Anand has ginning presses but no mills.

The question of giving help and relief to the agriculturists is very seriously tackled by the administrations of both the Talukas.

**Help to Agriculturists.** Under the able guidance of Mr. R. G. Allan, the Commissioner of Agriculture, Baroda State, the

Petlad Taluka is progressing by leaps and bounds. The Anand Taluka is also making equally rapid progress though in the other directions.

In the Taluka of Petlad greater intensive cultivation is found. As a result of the efforts of the Agricultural department of the Baroda State Petlad Taluka. the improved tobacco crop was introduced in the Taluka of Petlad by demonstrations at Ramol, one of the villages of Petlad Taluka. The attention of the Baroda State Agricultural department is centered round the intensive propaganda work through the organisation of agricultural units and sub-units. The Chemical analysis of the soil and well waters is also taken up by Dr. C. C. Shah; specially appointed for the purpose.

In the Taluka of Anand greater attention is given to the study of economic holding than to other kinds of propaganda. Three centres are established in Anand Taluka where the experiments under the guidance of Graduates specially trained in agricultural economics are carried on. They have selected a compact holding of eleven Bighas out of which three bighas are devoted to the commercial crops which will fetch the agriculturists enough cash for their petty expenses. From the remaining eight bighas, the other necessities of the agriculturists—including the necessity of his animals—are to be derived. The purpose of these experiments is to offer a vigorous demonstration of the need of consolidation of holdings. A College of Agriculture is to be shortly constructed at Anand, for which purpose land acquisition is rapidly going on.

It is very difficult to decide which course is more important in giving immediate relief to the agriculturist. The two sides of the question are equally important.

The Co-operative movement forms the most important of the items of services rendered by the Co-operative Government to the governed. It was first introduced in British India in the year 1904 and in the Baroda State also in the same year. The total number of Co-operative Societies in Petlad Taluka is 79 while that in Anand Taluka is 81. The total membership of the Societies comes to about 4,000 persons in Petlad Taluka while the same in Anand Taluka comes to about 3,700 showing a greater average of members in the Petlad Taluka. When we relate these figures of membership of the societies of each Taluka with the respective population figures; we find that there is a large population yet to be approached by the movement.

In both the talukas agricultural and non-agricultural Credit Societies are in existence. It is only during the last few years that the usefulness of Credit Societies, Non-Credit Societies has been realised both by the authorities and the people. Credit societies in both the talukas are in a bad condition—much more so in the Anand taluka. Arrears have accumulated and the position is, in some societies; beyond improvement. The Assistant Registrar of Co-operative Societies N. D. (British India) attributes failure of Credit Societies in Anand taluka to the unscrupulousness of the Sahukars who utilised their influence to recover their bad debts through societies and thus shifted on to the societies all their bad debts which in turn have brought societies to a stage hardly desirable. The same appears to be the reason even in the Petlad Taluka.

The condition of Non-Credit Agricultural and Non-Agricultural Societies is quite different and fairly cheerful. They have prospered to an extent and have also done substantial good to the people.

A few lines about the social welfare services of the State and we come to the end of the Chapter of the services rendered by the State. The Child Marriage Act, prohibiting the marriages of very young children, was introduced in the Baroda State as far back as 1904, while the same was introduced in the British territories only in 1930. Again the Divorce Bill which is at present under the consideration of the British Government was introduced in 1930 in the Baroda State. I was much elated to find the Act for the removal of Caste Tyranny, in the Baroda State. By this Act all the numberless small groups or "Gols" have received a death blow in the various castes. The existence of these Gols was a great impediment in the way of many parents and educated young men and women. The lives of many a young man and woman were wrecked against the great rock of the tyranny of these infinite groups or gols. By the above referred act the members of the various Gols are allowed to intermarry without incurring any punishment from their gols. The people of the British territories are very eager to have this law introduced in their territories.



## CHAPTER IX

### CONCLUSIONS.

I come to the following conclusions from my study detailed above.

- (1) The villages of Petlad taluka have a greater density of population than the villages of Anand taluka.
- (2) The villages of Petlad taluka show a slightly greater percentage of land set apart for public utility than those of the taluka of Anand.
- (3) In the villages of Petlad taluka, there is a greater percentage of Imani lands to the total area of the land than in the villages of Anand taluka.
- (4) The administration of the Taluka of Petlad have to forego a greater amount of land revenue by maintaining Imani lands than the administration of Anand Taluka.
- (5) (a) The land-revenue in the villages of Petlad taluka was higher than in those of Anand taluka before the recent 25 percent reduction of the Baroda Government.  
(b) The land-revenue in the villages of Petlad taluka is almost the same as in those of Anand taluka after the recent 25 percent reduction.  
(c) The land-revenue in the villages of Petlad Taluka is lower than in those of Anand Taluka during the current year owing to the handsome remission of the Baroda Government.
- (6) The systems of granting remissions obtain in both the talukas. The system obtaining in Anand Taluka is more satisfactory to the people as it lays down consultation with the committee of village composed of officials and non-officials

- (7) Remissions do not generally reach the real cultivators in both the Talukas.**
- (8) In granting suspensions, the administration of both the Talukas are equally liberal.**
- (9) The administration of Petlad Taluka renders greater number of services to the people than the administration of Anand Taluka as under :—**
  - (a) By introducing the system of free and compulsory education.**
  - (b) By maintaining a greater number of educational institutions.**
  - (c) By offering greater medical facilities.**
  - (d) By the provision of unparalleled Library System.**
  - (e) By concentrated efforts on the Rural Uplift and Industrial Development of the area.**



# RURAL ECONOMICS IN INDIA AND SOUTH AFRICA : A COMPARISON

BY  
SIR ALAN PIM, K.C.I.E., C.S.I.

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RURAL ECONOMICS IN INDIA AND SOUTH  
AFRICA: A COMPARISON

By SIR ALAN PIM, K.C.I.E., C.S.I.

DURING the last ten years the pace of change in India has been so bewilderingly rapid that it is very difficult for anyone whose direct contact with Indian conditions ceased five years ago to make any confident statements about the facts, economic or political, of the India of today. It is the more difficult as the local factors affecting rural prosperity all over the world are being more and more overshadowed by the fiscal and other expedients adopted by many countries for the purpose of what Sir Daniel Hall has described as "freezing their peasant social structures." Exporting countries have adopted such fantastic expedients as Brazil burning coffee and the United States ploughing up cotton and paying bounties for reducing the number of hogs. For the preservation of the farmer France keeps the internal price of wheat at three times the export price, Czechoslovakia makes its own people pay more than four times the export price of its sugar, South Africa keeps the internal price of wheat at double the world price and pays export bounties on its dairy produce and various other articles, and almost every little British Colony wants to work in the same direction. When even in Great Britain similar expedients have been adopted rural economics in the wider sense becomes a problem far too complicated for the layman. My aim must therefore be a much more modest one, and as I have had an opportunity during the last four years of seeing at close quarters the economic position in five agricultural or pastoral colonies, including the three South African British Territories of Swaziland, Bechuanaland and Basutoland and the Protectorate of Zanzibar, I thought that it might be of interest to compare with Indian conditions some of the economic problems which confront them and which are for the most part the same problems which arise in India, but in simpler forms owing to differing circumstances and less developed social structures.

All are agricultural and pastoral countries, and in India 73 per cent. of the population in its 685,000 villages depend on these pursuits. Agriculture is therefore necessarily mainly of the self-subsistence type, only modified to a small extent by modern improvements in transport, though jute, cotton, wheat, and oil seeds are produced for the world market.

A large proportion of village transactions are still carried out by barter, or in kind, and there has been a tendency to revert to this system as the result of the catastrophic fall in prices and the resultant increase in the burden of taxes, rent and debt. This was an alternative to the wholesale reduction of rents, and in the United Provinces, for example, these have been reduced by over 4 crores of rupees or three million pounds.

The territories which I have visited are—with the exception of British Honduras—even more exclusively agricultural and pastoral, with an insignificant internal market. Their arable cultivation is almost entirely of the subsistence type, but they depend to a much larger extent than India on external markets for selling some of their products. Zanzibar must sell its cloves, Honduras its mahogany and chewing gum, the South African Territories their cattle and dairy products, wool and mohair, and above all their labour, in outside markets.

In many respects their circumstances are in striking contrast to those of India.

India has its ancient and complex civilization, with a very considerable differentiation of functions. Each village tends to be self-contained, more especially those distant from large centres of population. In each will usually be found some persons holding permanent rights in land, either as owners, or as tenants with hereditary rights. Of these some cultivate all they hold; others let out to tenants, generally on a yearly agreement, a part or the whole of their lands. Below them are the agricultural labourers, usually of different castes, and often cultivating a field or two in addition to working as labourers. Some are hereditary village servants giving their services for customary dues. In all but the smallest villages there are artisans supplying the traditional agricultural implements, and there may very probably be craftsmen, more especially weavers. There are probably traders and moneylenders with organized markets, though a good many of their practices would have been described in a less polite age as forestalling and regrating. Although many transactions are carried out in kind, there is an old standing money economy. There is an established agricultural tradition, including the use of the plough, which is really a cultivator in the Western sense, and skill in the use of water for irrigation where this is available. Cultivation is in general carried on by men, though in some castes women play a considerable part, and the Jatni, for example, is as good as any ordinary man. Religion, caste, and custom play a very large part in controlling economic activities, but there is a living tradition of co-operation for purposes of general advantage often finding expression in *panchayats* either for the village as a whole or for subdivisions of it, castes more especially. The density of the population is in general

high for an agricultural country, 248 per square mile in British India as compared with 394 in Japan, about 250 in China, 192 in France, and 35 in the U.S.A. The average holdings are therefore small, and even in the Punjab 22.5 per cent. of the cultivators have one acre or less, 15.4 per cent. between 1 and 2.5 acres, 17.5 per cent. between 2½ and 5 acres. Similarly, in China 36 per cent. are estimated to hold less than 1.5 acres, and in Japan only 25 per cent. hold over 2.5 acres. Taking a reasonable plough duty as a standard the large majority of the holdings are not of economic size, and in spite of a considerable diversity of crops not more than about half the time of the cultivator is fully occupied. His economic freedom—an essential condition of his progress—is limited by his bondage to the moneylender. On the other hand, so far as his caste or social customs permit, he is free to go where he pleases in the continent of India and to take up any work within his capacity. If the necessary organization is provided the markets of the world are open to him so far as there are any open markets nowadays.

The general picture is a very different one in the territories of South Africa. There is no ancient civilization, and the social structure is still practically without differentiation so far as occupations are concerned, though there are marked differences of status, and among the Bechuana some small sections are practically serfs.

The social organization is purely tribal. There may be a Paramount Chief with Subordinate Chiefs as in Swaziland and Basutoland, or a number of separate tribes as in Bechuanaland. They may live in scattered hamlets as in Basutoland, or be for the most part concentrated in a central town under the immediate control of the Chief as in Bechuanaland, but this is to a large extent governed by the water supplies. Under the Chiefs and village headmen the families in the larger native sense are the real social units, and the village as such has no corporate life, though there is a very real tradition of family co-operation, and among full members of the tribe a considerable degree of working communism. There are no village servants and no skilled crafts—contrary to what is found in other parts of Africa. An Indian visitor to South Africa asked a leading Bantu why they did not wear their native dress instead of disreputable European clothes and hats. The answer was that he was afraid they would be run in by the police if they did so. Some pottery and basket work is made, but there is no class depending on such work for a living, and the potters' wheel is unknown in South and I believe also in Central Africa. There are practically no native traders, and such requirements as the peasant farmers cannot make for themselves are supplied by European traders. This is partly because they are still unable to adapt themselves to a money economy and therefore make

most incompetent traders, but also largely because the European traders were first in the field to meet the wants largely created by the missionaries, and they strenuously oppose the granting of trading licences to natives. This position is, however, being slowly rectified.

All the land is tribal property, and the arable land is allotted by the Chiefs or headmen as trustees for the tribe, every married man being entitled to lands, usually three in number—the area of each land averaging  $1\frac{1}{2}$  to 2 acres—two of these are definitely for his wife and family, and the wife is supposed to be consulted about their use. The lands are usually situated in different places. There is no legal security of tenure, but a considerable degree of customary security extending to widows and minor children after the death of a cultivator, always provided that there is no infringement of custom in the methods of cultivation. Arbitrary ejections are, however, by no means unknown when a Chief wants some particularly desirable land. Not long ago a leading Zulu held a land near the kraal of the then Paramount Chief, and it was hinted to him that it would be a graceful act to exchange this for another. He declined to do so. Soon after the Paramount Chief fell ill and the witch doctors were called in consultation. They found it a manifest case of witchcraft, and suspicion fell on the recalcitrant Zulu, as reliable evidence was produced that he had been seen at night riding round the Paramount Chief's kraal on a tiger, as a leopard is called in South Africa. He still declined to move, and was too important to be summarily disposed of. A regrettable incident would probably have followed before long, but the Paramount Chief died.

Compared with India, the population is very sparse; taking the Union as a whole the density was in 1921 14.67 per square mile. Taking special native areas, the density in the Transkei reserve of the Union is about 63 per square mile; in Basutoland the average is 49 and in Bechuanaland it is less than one per square mile. As almost everywhere in Africa the question of communications is therefore a very difficult one. Among the Bantu tribes of South Africa cultivation is of a very primitive character as compared with India. They are pastoral by tradition and by inclination, and men's work has been war, the chase, and the care of cattle. They had no plough of their own, and cultivation was entirely carried on by women with hoes. The introduction of the European reversing plough brought the men into agriculture, and as each plough requires eight oxen, a man to drive, and a boy to walk in front, this has involved a considerable demand on the men and on their stock. The change is by no means an unmixed advantage, and much injury has been caused by plough pan and by the increase of erosion caused by careless ploughing. They can deal

with a much larger area than by the old method of hoe cultivation, but the cleaning and weeding of the crops is not done by the women as carefully as before, and parasitic growths take a heavy toll. Among the Swazis, for example, witchweed destroys about a third of their maize and Kaffir corn. Moreover, the new woman has appeared, and a Bechuana Chief complained bitterly that the educated girls were trying to engineer a general strike of women against their heavy labour in the fields.

Hardly any crops were grown until recently except maize, Kaffir corn and some beans, but a greater variety is now being introduced.

Rotation of crops is not practised, and the application of manure is only beginning. In Basutoland there is no wood or other fuel, and cow dung is burned, as in India. They know nothing about irrigation, but indeed the opportunities in this direction are very limited.

The leeway to be made up is therefore much greater than in India. Tribal custom, moreover, places even more serious obstacles in the way of the enterprising man who wishes to improve his methods and to try new crops than do caste or social customs in India. The land belongs to the tribe, and the individual has no legal rights. All grazing is communal, and by custom everyone is entitled to graze his stock not only on the pastures but also on the cultivated areas as soon as the crops are cut. This includes the grazing on the maize and Kaffir corn stems when the heads are removed. A cultivator is not supposed to collect these stalks for his own use, and the Basuto National Council—which in fact only represents the Chiefs—lately decided that anyone who did this lost his right to share in the communal grazing. If a man sows crops ripening at a later time, or if he fences his lands, he will certainly get into trouble unless he is himself a Chief or man of influence. It is much worse if he plants trees, as this is considered to imply claiming rights in the land. In Basutoland, even if Government plants trees along a road they are pretty certain to be destroyed owing to the intense jealousy with reference to the land. If a man applies new methods and is considered to be too successful he may fall under suspicion of witchcraft.

Further, in most areas but more especially in Bechuanaland, there is a considerable amount of compulsory labour for the Chief or for tribal purposes. This is analogous to the "begar," so familiar in India. In Bechuanaland and Swaziland ploughing is not supposed to start until the Chief gives the order, and the first fruits must not be enjoyed until the necessary ceremonies have been performed at the Chief's kraal.

The path of the pioneer is therefore still not an easy one, though these restrictions are gradually breaking down.

The tribes are, however, primarily pastoral peoples except where, as in parts of Bechuanaland, tsetse fly makes the keeping of cattle impossible, and they must perforce do all their cultivation by hand. The position as regards pasture is much worse than it is as regards arable cultivation. Throughout the Union, except in part of the Transkei, a native area may be recognised by the almost complete destruction of the pasture except during and just after the rains. It is much the same in Swaziland. In Basutoland hundreds of thousands of acres of formerly excellent sheep pasture have lost their grass, and it has been replaced by useless scrub. The absence of all incentive to control the number of stock, owing to the grazing being communal, leads to the same vicious circle as in India as regards the increasing numbers of cattle for transport or cultivation which are not worth their keep. There is the additional incentive to indefinite multiplication that by old custom, in the absence of a money economy, wealth is measured by the number of stock, and quality counts for nothing. Above all, the lobola, or brideprice, takes account of number only. Many efforts have been made to control the numbers of stock in the native areas, both in and outside the Union, but none have had the smallest success. There are no religious difficulties such as in India make it impossible for most cultivators—more especially Muslims—to keep pigs, for all the higher castes to keep fowls, and for most Hindus to go in for scientific cattle breeding. On the other hand communal grazing and communal watering make it practically impossible to maintain any advance effected by the introduction of improved stock, or to counteract the strong influences tending to deterioration. The methods of keeping stock differ according to the physical conditions of the various areas. Unlike India, even plough and transport oxen are never fed, though the season for their heaviest work coincides with that of the poorest pasture.

There is little to compare with the Indian traditional co-operation among the residents of a village and the caste or village panchayats. The real units are not the village or hamlet, but the family in its larger native sense, and above it the tribe or section of the tribe under a separate Chief or headman. Each Chief has his Kgotla or place of assembly where justice is administered and affairs are discussed. Every member of his tribe or section is entitled to attend the Kgotla and speak his mind, and in former times, when the position of the Chiefs depended on the support of their people, the Kgotla system introduced a very considerable element of democracy into tribal government. It is somewhat analogous to the Darbar in an Indian State, but without the same feudal background and much more democratic in its character. Under protection the Kgotla system tends to lose its efficacy, the Chiefs cling

tenaciously to all their rights, and are apt to neglect the corresponding duties. In this again I am afraid that parallels will be found in India. The very primitive system of cultivation, the absence of any village crafts, and the disappearance of hunting and raids have made the time of the men hang very heavily on their hands. Even the old festivals and ceremonial observances tend to disappear. The results of so much idle time are bad both physically and morally. Even for the few who are trained to some skilled craft there is very little scope in their own reserves, more especially as the Chiefs and leading men generally forget to pay them. If they want to go further afield into the Union their prospects of obtaining work are narrowly restricted by the jealousy of the white trade unions and even by legislation. This is an obstacle which does not confront the Indian villager. The fact remains that in no part of South Africa can the average native live and meet his cash obligations on the income from his land. He must have money for his purchases from the European traders, for the payment of his taxes—which are very heavy in proportion to his income—for marriage expenses, for agricultural implements, and for seed. Where he has a surplus of cattle, as in Swaziland and Bechuanaland, he has not free access to the open markets of the Union, and in most cases, therefore, he can only obtain the necessary cash by selling his labour to the gold mines if his physique is sufficiently good, otherwise to the coal mines, to sugar plantations and farms, or to domestic service. More than 50 per cent. of the adult males are always absent on work of these types. They cannot take their families, and a large proportion stay away for several years at a time, often because they do not want to return to tribal control and to the boredom of village life. The effects on tribal life of this large proportion of absentees are increasingly serious. There is nothing analogous to this in India. The old systems of indentured labour corresponded to some extent, but were on a relatively insignificant scale. There is, of course, a great deal of migration of labour for industrial purposes, but I do not know of any detailed studies of its effects on Indian village life, though the subject would be a very interesting one for any student of social problems.

In two respects, however, the position of the Bantu is better than that of the Indian villager. He cannot waste money on litigation, and he is not in bondage to any moneylender. His freedom from this bondage is not due to any strength of character, but to the fact that he cannot pledge his land or give security of any kind. What he would do if his land could be mortgaged or sold is shown by the history of the Griquas of Kokstad in the Eastern Cape and of the Barolong in the Free State. They were given considerable farms with the right of transfer. In a very short time

the farms were gone, exchanged as a rule for a pound or two and some brandy. Similarly, Umbandine, Paramount Chief of Swaziland, gave concessions covering the whole of his country, much of it twice over. His tastes lay chiefly in the direction of greyhounds and gin.

The indebtedness of the Bantu is to the European trader, and many go as far in that direction as their credit will allow. The security is almost purely personal and the standard of honesty has on the whole been a very high one, though it is said to have deteriorated of recent years, partly as the result of hard times. The dishonesty is not always on the side of the native, although most of the traders are of a good type. In many cases natives do not get a fair deal as regards the prices given for their commodities any more than the Indian villager gets from his baniya. They are, however, becoming much more wide awake to their own interests in these matters. One common piece of improvidence is to sell their produce to the trader at harvest, and buy it back later at a much higher price. This may, of course, be a case of necessity as it often is with the Indian villager.

I need not say more on the subject of a general comparison of African and Indian conditions, but there are some special problems which are of great importance, more especially in any agricultural or pastoral country of small farmers. The first of these is the actual destruction of arable land or the deterioration in its fertility. Many parts of the world, but Africa more especially, give impressive illustrations of this tendency to the extension of desert conditions as the result of the operations of man and of his domesticated animals. Shifting cultivation and the destruction of trees is said by some good authorities to be leading to a steady extension southwards of the Sahara desert, and Major Jarvis has lately called attention to the advance of the sand dunes towards the interior of the Sinai peninsula caused by the Arab with his goats and his camels. He is as much the father as the son of the desert. In South Africa the destruction of the arable and pasture by overgrazing and careless cultivation has resulted in such an increase of erosion as to cause serious alarm to those who look ahead, such as General Smuts. About one-tenth of the arable area in the lowlands of Basutoland—and the best tenth—has turned into a network of ravines, and the situation is even worse in parts of the Union where preventive measures are now being taken on an extensive scale. Not only are large areas rendered sterile, but the rainfall is no longer absorbed, and the water runs uselessly to the sea, carrying much of the best soil with it. The general fall in the subsoil water level affects much wider areas, and the heated soil surface deprived of its vegetation appears to tend to bring the rain down in sudden violent storms instead of soaking showers.



In the mountainous areas the tendency to plough up and down hill and the absence of any attempt at terracing results in the rapid extension of erosion, more especially when the overgrazing of the higher slopes allows the water to rush down in destructive freshets.

The most spectacular results of uncontrolled erosion are furnished by the United States, in which the Federal National Resources Board have recently reported that 35 million acres of good farm land have been destroyed, chiefly by gully erosion, 125 million acres severely damaged by surface or sheet erosion, and another 100 million acres are advancing in the same direction. These figures do not include the immense damage to the great western grazing areas. In India the destruction is not on this scale, but even so I venture to think that the Royal Commission on Agriculture has not devoted sufficient attention both to the actual destruction by the ravines along such rivers as the Chambal and Jumna and the much more widespread damage by the sheet erosion removing the better surface soil.

So far as the small farmer is concerned the reduction in the productivity of the soil by continuous cropping without the use of fertilizers is a still more serious problem, and even where—as is apparently the case in India—productivity has reached a minimum with the methods employed and is beginning to rise with better seed and improved methods that minimum is too low to afford a reasonable subsistence. Here again the United States gives an impressive warning, and the Federal Resources Board recommend the withdrawal of some 75 million acres from farming, including cultivation and grazing, and the increase in the areas of small-holders' farms to an economic size. This would involve the displacement of more than half a million people.

Even scientific developments may have their dangers unless all the factors are taken into account. Both India and South Africa can produce large areas rendered useless by over-irrigation or the application of water to tracts with an unsuitable subsoil. The clove industry in Zanzibar has twice been in serious danger from well-meant scientific or economic advice which a wider science has shown to have been wrong. Fortunately the Arab owners thought they knew better—and they did.

The next question with which I may deal briefly is that of security of tenure. Many parts of the world have recently illustrated the power of the small producer to meet adverse conditions owing mainly to his small overhead expenses. Two examples in rather special spheres are afforded by the history of the rubber combine in relation to the small producer in Sumatra and the tobacco industry in South Africa as affected by the small growers in Nyassaland and in India. The clove plantations in Zanzibar are another case in point. There the large Arab plantation owners

are being gradually replaced by small Swahili or Manga Arab farmers, who take better care of their plantations and are better able to regulate their expenditure by their income. The small grower may, however, only be able to survive by accepting a very low standard of living, and this is a consideration of great importance for the small grower in western countries.

An essential condition to his making the best of his position is, however, a reasonable degree of security of tenure, and India has a long history of attempts made to realize this necessary factor to progress. Even with security of tenure effective working of the cultivator's holding is rendered almost impossible by continual partitions as families increase and by the fragmentation which divides up a holding into minute plots distant from one another. Only in the Punjab has this problem been seriously dealt with as the result of the co-operative movement. These problems take a different form in the tribal areas of South Africa, but a great deal of consideration has been given to the question of how best to secure the position of the progressive cultivator who is menaced by tribal custom or by the caprices of the Chiefs. In the Union of South Africa the tendency has been to replace tribal tenure by individual tenure and the most interesting experiment in that direction has been the Glen Grey Act, which has been applied to the native reserves in the Ciskei districts of Cape Colony and to a quarter of the Transkei. Under this system the arable area was divided into holdings averaging six to eight acres and was demarcated and surveyed. The pasturage was left as a communal holding, and in the Transkei was about four times the total area of the arable. Partition and fragmentation were forbidden, and succession was controlled by a special law. This system has now been in operation for a period long enough to test its efficacy.

It has had definite advantages for the progressive cultivator who was ready to take advantage of the instruction and assistance given to him by an Administration which has been as helpful and sympathetic as the political and material conditions admitted, and has been ready to consult native opinion. On the other hand the magic of property has not turned sand into gold or made a large proportion of those fortunate enough to hold arable land more progressive than they would have been under tribal conditions.

Further, the holdings are too small to support a family without intensive cultivation, which for them is impossible, and with the growth of families there is a practical though not a legal subdivision, and as a result an increasing congestion on the land. The bulk of the adult males must still go abroad for work. Further, the number of men entitled to land but unable to get it is steadily increasing. In one Ciskei district, for example, there are 8,000 arable holdings and 4,000 persons entitled to holdings but

unable to get them. In another there are 1,300 arable holdings and 1,500 candidates. New holdings cannot be created because there is intense opposition to any reduction of the communal grazing area for the benefit of any individual.

Even more important is the fact that the communal character of the grazing leaves no inducement to the individual to preserve the pasture or restrict the number and improve the quality of his stock.

There is no time to enter into the great question of agricultural education and improvement in agricultural methods, more especially as you have had an address by an expert in agriculture. Small holdings can only provide a reasonable standard of living for a family with the aid of a diversified agriculture, access to markets and co-operative marketing, with spare time home employments. None of these conditions are likely to be realized in South Africa, partly for physical and partly for political reasons. Spare time employments also have their dangers. They have probably been most scientifically developed in Japan, where with holdings so small that only 25 per cent. of the peasants have more than  $2\frac{1}{2}$  acres agricultural organizations of all kinds abound—including societies for getting up early and cutting one another's hair—nothing is wasted, fragmentation has been largely abolished, and subsidiary industries such as silkworms employ large numbers. The impression gained from Robertson Scott's remarkable book *The Foundations of Japan* is that the industries large and small exploit the peasant, more especially the women.

India is, however, a long way from the position reached in Japan, and Mr. Gandhi's charkha movement does represent an attempt to meet a real need.

The next subject to which I shall make a brief reference is that of co-operation and marketing. In India the co-operative movement concentrated for a long time on credit societies, as the most obvious need was the deliverance of the cultivator from the bondage of the moneylender. Co-operative purchase and sale and the pursuit of the less definitely economic aims represented by the "better living societies" came as later developments.

The provision of capital is essential to the cultivator, and before the rule of law the moneylender filled a definite want in the village economy. With the rule of law he threatened to become the tyrant of the countryside, but his position is now no longer what it was, largely as the result of the co-operative movement, though its influence is still much less than that of the corresponding organizations in such a country as Denmark.

In South Africa the Bantu suffer from many forms of bondage, but the moneylender is not included. In Zanzibar, on the contrary, the plantation owners large and small, Arab and Swahili,

are in a position similar to that in India, and their creditors are Indians. At the same time there are no peasants in the world who stand in greater need than the Bantu of a training in the handling of money, and even the educated and advanced natives who carry on a co-operative stores in Johannesburg are the despair of their best friends among the Europeans in regard to this side of their operations.

In the Union of South Africa the Government has declined to create organizations which introduced any possibility of individual or collective financial responsibility. Nevertheless, co-operative credit societies have been organized on a considerable scale in the Transkei and elsewhere, largely through the efforts of Father Bernard Huss. Government has taken no responsibility of any kind even as regards securing a proper audit. Official recognition is only now being given to the movement in the Transkei by a Proclamation creating a Central Committee, on which Government is not represented, and imposing on it the duty of arranging for audit. On the other hand, Government has encouraged and co-operated in the formation of Farmers' Associations, chiefly for the purchase and sale of agricultural requirements. There is no attempt to accumulate capital and only a very small subscription to meet necessary expenditure. Their weak point seems to be that it is more a case of officials doing useful work for the Bantu than of teaching them to do it themselves. The associations do, however, inspire their members with the idea of progress, and this represents a substantial step in advance.

In Basutoland an attempt was made to found co-operative credit societies by promising the gift of agricultural implements to the societies when duly formed. There was no real teaching of co-operative principles and practice, and as soon as a society had received its implements that was as a rule the signal for its dissolution.

The difficulty of familiarizing the minds of the Bantu with any of the implications of a money economy are very great, and progress is bound to be slow. The very idea of the possibility of progress or of securing economic advantage by a change of methods has to be created. This is the more difficult so far as sales are concerned when their products go to the world market, a conception quite beyond their power of comprehension. For example, the wool of Basutoland, though containing a large proportion of high grade, is sold in the lump without examination at the market price for the lowest quality, and all the profit goes to the middlemen, including the local European trader and the strong organization of the brokers at the coast. In this again there will be no difficulty in finding Indian analogies.

On the whole, under South African conditions it seems advis-

able to make credit societies the last instead of the initial stage, and to concentrate at first on familiarizing the native mind with the idea of progress on co-operative lines, and illustrating its economic advantages in connection with their main products. These forms of better business will serve almost equally well as preludes to the better farming and better living of the co-operative creed.

As in India again the small size of the holdings as compared with the economic holdings for improved implements offers many opportunities for co-operative working outside what may be termed the natural co-operative unit of the larger native family. Another direction in which co-operative societies can do very useful work is by propaganda in favour of the consolidation of holdings. The development of village industries on a co-operative basis, which is of such importance in India, has as yet little prospect of realization in South Africa, where the traditional industries and inherited skill do not exist.

Whatever aspect of the problem of rural advance is taken up we must, I think, come to the conclusion that ultimately the human factor is the supreme factor, and that in Africa as in India Mr. Moreland is right in holding that the essence of the rural problem is psychological rather than technical, spiritual rather than material. In the words of the Royal Commission on Agriculture: "No substantial improvement can be effected unless the cultivator has the will to achieve a better standard of living, and the capacity in terms of mental equipment and of physical health to take advantage of the opportunities which science, wise laws, and good administration may place at his disposal. Of all the factors making for prosperous agriculture by far the most important is the outlook of the peasant himself." This in the main is determined by his environment, and it follows, therefore, that the success of all measures for the advancement of agriculture must depend upon the creation of conditions favourable to progress. Village life must be improved in all directions, and the recognition of this principle was the essential merit of the Gurgaon experiment, whatever setbacks it may have since experienced. Many departments are concerned in this all-embracing work, but there is only time to deal very briefly with two aspects of the problem—the medical and the educational. Good health is quite as necessary to the cultivator as knowledge of his craft, and the all-India Conference of Medical Research Workers of 1926 considered that apart from the heavy mortality from preventable diseases the average number of days lost to labour by each person in India from such diseases was not less than a fortnight to three weeks in each year, and that the percentage loss of efficiency of the average

person from preventible malnutrition and disease was not less than 20 per cent.

There are, of course, great differences in these respects between the different parts of India, and there has been a substantial increase in recent years in the medical and public health organizations. The social conscience of the people is awakening, and substantial work has been done by panchayats and by private organizations.

These branches of work fall within the sphere of local self-government and, as Sir Philip Hartog has told you, the control over their activities is much less effective than in any western country. Control is, in fact, resented as contrary to democracy.

The position is certainly far from satisfactory, and in native South Africa it is worse.

Hospitals are inadequate both in numbers and in equipment. There is no public health organization outside the towns either for white or black; there is no subordinate native medical service, and there are very few rural dispensaries except some carried on by missions. Preventible diseases take a heavy toll, and deficiency diseases are widespread, the result of inadequate and unsuitable diet. They become more serious as population increases and the supplementary foods derived from the veldt and from cattle become more difficult to obtain.

The only large concentrations of natives who are really well fed are probably those working on the gold mines of the Rand, and their physique is often very fine. In the native areas the difference in appearance between a boy fresh from the cattle posts and one who has lived in the village or town is most striking, more especially in Bechuanaland, where the cattle posts are so far from the central towns that no milk or other products can be brought in. The medical problems of Africa are as difficult as those of India. There are not the same masses of population to be dealt with, but its scattered character, and the absence of communications in many areas, make it impossible to organize an adequate health and medical service without disproportionately heavy expenditure.

It remains to make a brief reference to the subject of education. Taking this in its wider sense it includes a great deal more than schools and to emphasize its scope Southern Rhodesia has christened its education department a Development department. Comparing the position in India with that in South Africa there is a general resemblance, but with some very striking differences. In India the great majority of the schools are Government schools, and about 35 per cent. of the boys of school-going age attend school, but only about 10 per cent. of the girls. A large proportion of the expenditure on primary education must, as Sir Philip Hartog has told you, be regarded as wasted if the aim is to

be the production of a literate people, because of the small proportion who reach the higher classes.

In South Africa there is a general intense desire for education and an insistence that the methods and standards applied shall be the same for black as for white. Unfortunately the system of European education in South Africa is still largely in the Victorian stage of having a purely literary character and being dominated by examinations. It bears no relation to the realities of native life, but any deviation from it is regarded with intense suspicion by the Bantu as intended to keep them down in the social and economic scale. The facilities provided are also very inadequate. In the Union of South Africa there is school accommodation for only 21 per cent. of the children between 6 and 16. Moreover, the wastage is even heavier than in India.

In Basutoland the position is better, as about 65 per cent. of the children of school-going age are enrolled and the average attendance is about 50 per cent., but half the children do not stay long enough to become permanently literate. A remarkable feature of the position almost all over South Africa as compared with India is that the proportion of girls attending school is much larger than that of boys. In Basutoland and in the Transkei girls outnumber boys by two to one in all but the highest classes, because the boys are obliged to stay at the cattle posts. One result is the presence of full-grown men in the infant classes, and another is the growth of new social problems from the larger proportion of educated girls.

In Africa, however, with its primitive peoples, much more than in India, there are, as I have already pointed out, educational needs which must be met if the intellectual stimulus derived from school education is to be effectual in breaking down the main obstacle to economic progress—the mentality of the peasant himself. The natives have to be freed from the paralyzing influences of witchcraft and animism, and this process involves the difficult problem of adapting old customs and conceptions to new conditions, and developing whatever is good in their own institutions. Their whole outlook on life must be transformed, and they must develop a real will to live better before they can be ready to avail themselves of the technical and commercial advances which may be made available to them. Technical advances alone cannot bring welfare, or remove rural depression, without a driving force in the peasant himself, and the development of this force is the function of education in its widest sense.

A new chapter is opening in the history of India, and in the future she must depend more and more on her own efforts and on the spirit which will inspire her peoples. Something may perhaps be learned from the recent history of a country which has within the last few years refashioned its institutions to an extent which

would have seemed incredible a short time ago. I refer to Turkey.

There, although like all agricultural countries it has suffered very severely from the general depression, notable progress has been made in improving the starved existence of the Anatolian peasant and in freeing him from his bondage to usurers. The country at large is beginning to reap the benefit of its natural resources, though progress is necessarily slow. The peasant is taking his rightful place in the nation, and is beginning to realize what that place is. In the words of Ghazi Mustapha Kemal, "The master of the country is the Turkish peasant."

These words may well in the future be true of India in a more literal sense under its new Constitution, though it is to be hoped that less drastic methods will be applied and that no such experiences will be involved as those which Turkey has suffered. With these great possibilities in view the controllers of India's destinies may well take to heart the saying of a British statesman, "Educate your masters."



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## NOTES

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### Policy to be adopted in regard to fresh finance in view of the existing Agricultural Depression

#### I

(By Khan Bahadur Azimkhan Inayatlikhan, Deputy Registrar, C. S., Sind)

A very serious situation has indeed been created in the economic world owing to the existing trade and agricultural depression. The agriculturists owing to very low prices of agricultural produce (which has still a tendency of going downward and downward) cannot meet even the cost of cultivation and Government land revenue and hence whatever loans are advanced to them, whether by the Sowkars or by Co-operative Societies or even by Government in the shape of Takavi, mostly remain under arrears. This state of affairs has lasted for the last 4 or 5 years. In Sind the conditions are much worse. It is bad enough to have some crop but not to get adequate return for it, but in Sind the crops have, owing to a variety of causes (e.g. floods, locusts, frost attacks, drought etc.) been very poor since 1927. The result is obvious. People have accumulated heavy arrears, which in deserving cases have been duly extended. The Banks' monies are thus very largely locked up with societies.

The policy adopted by this Department so far has been to continue to finance the zamindars within judicious limits and with proper safeguards. It has been considered highly inadvisable to suspend altogether the finance of the zamindars as that will be dealing a vital blow to the agricultural industry. For the future my idea is that in deserving cases further finance should be continued. In spite of their arrears (for which extensions should be freely granted) fresh loans may be advanced to the zamindars whose assets are considered adequate. At least those zamindars who pay up their interest and some part of the principal may be financed to the extent of the amount repaid by them. Landed property should be taken in mortgage from the zamindars for all the old loans due by them. As regards fresh loans also none should be advanced except against security of landed property in addition to personal sureties.

In cases where the zamindars are found to be heavily indebted to societies and the loans are of long standing the societies may be permitted to fix easy instalments wherein the old loans may be repaid and the Banks in their turn should grant similar facility to societies.

#### II

(By Mr. N. P. Bhagwat, M.A., LL.B., Assistant Registrar C. S., Khandesh)

The last five years have been a critical period for the Agricultural Credit Movement in the Bombay Presidency. There were seasonal calamities in one part of the Presidency or the other and the culminating point was reached in the last two years when in addition to failure of crops in some parts of the Presidency, there was a general depression in prices of agricultural commodities which has spelt disaster to the agricultural population. The figures of advances and recoveries in Societies during the last 10 years are given below:—

Year	No. of Societies	Loans by Societies	Recoveries of loans	Working Capital
1	2	3	4	5
1921-22	2595	1,04,63,775	82,27,830	1,55,84,947
1922-23	2707	1,15,03,380	1,03,50,781	1,70,21,115
1923-24	2857	1,27,90,242	1,12,30,651	1,85,82,143
1924-25	3150	1,60,59,216	1,20,07,138	2,33,10,253
1925-26	3612	2,01,16,109	1,47,74,867	2,90,11,572
1926-27	4017	1,92,67,237	1,72,63,177	3,39,96,621
1927-28	4170	1,52,67,022	1,50,02,840	3,44,29,526
1928-29	4309	1,65,02,351	1,65,89,975	3,39,21,630
1929-30	4517	1,69,23,150	1,33,37,877	3,71,62,924
1930-31	4640	1,24,83,765	88,29,478	4,05,88,976

These show that there was steady increase in the advances made to members from year to year in the first five years and during the period following the year 1925-26, fresh advances have decreased though there has been a continuous rise in the number of societies and their members and also in the working capital. The advances were curtailed as the members could not return the money already taken by them and the arrears with them increased rapidly. Fresh capital available for current agriculture to the members became less and less.

2. Everybody interested in the working of the Agricultural Credit Movement has recognised the need for consolidation of the progress already made and for strengthening it. The system of controlled credit has been gradually brought into force by compelling societies to prepare Normal Credit Statements before they finance their members and these Normal Credit Statements enable the Banks to estimate the amount of finance required by Societies every year and to sanction loans or credit accordingly. If these Statements are prepared with care and after thorough enquiry and money is provided for productive purposes as disclosed in the Statements, they would be an ideal method of financing the Societies and Co-operative Finance will be put on a solid foundation.

3. It is often-times noticed that the Societies do not prepare forecasts of recoveries at the time when crops become ready for cutting and do not make a fair estimate of recoveries that would be obtained from each member and while including new demands in the Credit Statements full enquiry is not made into the details of each member's requirements. Hence expected recoveries are not realised and the Normal Credit Statements prove to be unreliable and useless for purposes of providing fresh finance. It has been the practice to base finance in the area under cultivation and sometimes on the value of assets or on some other factor which can be easily ascertained or found out. Details about expenses for each kind of crop grown by the member and the exact amount required by the member as loan are not inquired into as the Secretary and the person entrusted with the duty of preparing these Statements, do not understand the importance of the work.

4. The present agricultural depression has made the position of agricultural credit Societies extremely difficult. There are on the one hand large arrears with members who have not been able to return the loans taken by them in

previous years and they are in need of fresh finance for carrying on their agricultural operations. If the Societies do not make fresh finance available to them, there is the danger that the chances of recovering the old arrears will become still more remote. It is, therefore, necessary that the financing agencies should give fresh finance to societies, however, with great caution and after careful inquiry.

5. The agricultural depression has not only brought about the reduction in prices of agricultural commodities but it has also brought down the scale of expenses for every item of agricultural work. The labour charges are reduced. The agriculturists spend much less than before on necessaries of life and even on ceremonies. Those landholders who did not work but relied entirely on hired labour have begun to work themselves. They are trying to meet the present situation by all possible devices. Even then the accumulated debt is too heavy and their present income in terms of money is too low. It will require many years for them to wipe off the debt even if they try to adjust their expenditure to the present low level of income.

6. My recommendations about policy of fresh finance are briefly as follows.

(i) Every society should prepare statements of forecasts of recoveries for each member just before the harvest and show how much area is under each crop and what would be the yield from the same and how much would be repaid by him.

(ii) Members who repay according to the forecast statement should be financed again for next crop irrespective of the fact whether other members have repaid or not.

(iii) Normal Credit Statements should be correctly prepared and details about the kind of crops grown by each member and the requirements for growing each of them should be shown in the statement.

(iv) The lands should be classified into good, medium and inferior according to their fertility and the area under the first two kinds should be taken into consideration when finance is made for agricultural purposes.

(v) Normal Credit Statements should be prepared twice in the year, one at the beginning of the Kharif season and the other at the beginning of the Rabi season and the credit should be revised twice in the year.

(vi) Finance should be made available strictly for productive purposes, such as purchase of seed, weeding and cutting operations and manure and occasionally for bullocks.

(vii) The credit sanctioned should not be distributed in one lump sum but the members should be asked to draw upon it in two or three instalments as the agricultural operations progress.

(viii) Where the previous arrears are already high, the members should be asked to give mortgage security up to at least twice the debt to cover the outstandings.

(ix) Where special limits are given to members, a condition should be imposed that they should sell their produce through the Co-operative Sale Society or Sale Union working in the area.

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**Policy to be adopted for the recovery of overdues in view of the  
Agricultural Depression**

**I**

*(By Diwan Bahadur A. U. Malji, Chairman, Gujarat Divisional  
Co-operative Institute)*

The increase in the percentage of overdues has undoubtedly affected the movement and all well-wishers thereof have commenced to think more of consolidation than expansion. The Registrar has also issued instructions not to organise more societies in this state of things.

2. The seriousness of the question was felt first in the canal area in the Deccan and has since been realized in other parts of the country.

3. The writer too had to send his contribution as well in the December number of the 15th volume of the Bombay Co-operative Quarterly at page 131 and the reader may profitably treat most of the observations therein as relevant on the subject in hand.

4. The necessity of taking stock of the agricultural and financial condition of the societies' members every decade would be a very welcome move and with the results thus obtained, it should not be difficult to devise ways and means to meet the situation.

5. In raising the standard of living, though frugality may be avoided, spendthriftness should not be welcome. Something of what we spend is necessary, more of it is luxurious but often none of the two economical. To cultivate economics as a part of social work, the efforts ought really to be made from within for men cannot be managed by coercion. Reconstruction is possible only when the average citizen or villager is ripe for it. This ideal is difficult to reach and can only be attempted by constant efforts. Outside agency can only help or lead but if this agency be removed or discontinued, the result is disastrous particularly in an illiterate area. In cultivating Co-operative ideas, educative efforts must always be there and the three Rs can only prepare the ground. After the introduction of Co-operative rural societies through Honorary workers at a time when more attention by inspection and supervision is necessary to cope with the expansion, we have begun to treat their services as dispensable.

6. As pointed out by that veteran co-operator, Sir K. V. Reddy, (Vide the Madras Journal of Co-operation, page 11, July 32 number) withdrawal of such voluntary services was a serious error of judgment and I add sometime a deathblow and not un-often shaking foundations of the movement.

7. The aftermath of this retrenchment move is dangerous. In the rural areas men of property are withdrawing from the societies and the assets reduced in consequence. If this state of things is condoned, the problematic value of unlimited liability security will be reduced to a minimum and time will soon arrive when it may be found necessary to substitute the unlimited liability by share capital with limited liability.

8. As it is, it is essential to revise the terms of repayment in the light of the present day conditions and this can equitably be done by apportioning the liability over a period of years, regard being had to the repaying capacity of the borrowing member.

9. The report of the Provincial and Central Banking Inquiry Committees reproduced on page 139 of my contribution in the Quarterly also sheds a good

deal of light on this point and the trend of discussion with the Registrar at his visit to the Broach Co-operative Land Mortgage Society as evidenced in the accompaniment only brings out this point from another point of view.

10. The decision taken on this subject by the Gujrat Central Banks Conference in 1929 was very significant and the action taken thereon by the Broach District Co-operative Bank Ltd. is well illustrated in the aforementioned Quarterly at pages 137 and 138. This viewpoint was, as will be noticed, substantially accepted by the District Board of Supervising Unions of the Broach District.

11. That illustrious Madras Co-operator Mr. Ramdas V. Pantulu also holds similar views and adds that "fresh bonds, backed by adequate securities, in respect of such loans, fixing the fresh periods with due regard to the repaying capacity of debtors is not a book adjustment. *It is a genuine Co-operative Business.*" (Vide the current volume of the Madras Journal p. 34.)

12. The following further observations of this well-known Co-operator are also worth acceptance:—

"In the next place in areas served by the Land Mortgage Banks, a systematic attempt should be made to select all cases of debtors to rural societies who can offer adequate security and who can repay their debts, if long terms ranging from 10 to 20 years are allowed to them for repayment and to transfer such borrowers to the Land Mortgage Banks."

13. The next alternative is "Combined Insurance of life and loan," and as this is elaborately dealt with in my contribution above referred to, I will only say that the result of the Registrar's suggestion, which has been accepted by the Bombay Co-operative Life Insurance Society, is anxiously awaited.

14. Insurance is again likely to serve a double purpose (1) Prevention or avoidance of bad debts, and (2) Thrift. Either is useful to the movement and the sooner the point is achieved the better for all concerned.

15. If adequate property be available, the mortgage thereof should be insisted upon, but when that is not possible, long term instalments can as well be given on the security of life insurance. Single Premium Insurance Policy would be a very suitable thing to insure against bad debts.

16. An agriculturist always requires timely financial help every year and the question of fresh finance is beset with greater difficulties. In view of what is said in para 5 above, while the other expenditure should be reduced to a bare minimum, the necessary agricultural expenditure is unavoidable and to meet this, the normal credit statements must be carefully prepared and checked. The value of educative efforts made in rural areas cannot be overemphasized here. At times the cost of agriculture is found to exceed the income derived and the uneconomic holdings only add to complications. If fresh lendings are done with due caution and old debts converted into a loan on a long term basis consistently with the repaying capacity of the debtor, the day of freedom, though distant, is not an impossibility.

17. Some Registrars think cancellation can be resorted to when there is a plethora of arrears but the truth seems to be more on the side of rectification than on that of liquidation.

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No. 377

26th July 1932.

To,  
The Registrar,  
Co-operative Societies,  
Bombay Presidency, Poona.

Sir,

As personally discussed with you here, on your visiting the society on the 8th instant, I have the honour to approach you to permit the society to include the village societies debts in the loan application of members applying for loans from the society.

2. This society was in its initial stages allowed to pay off the village society's debts. But in the year 1930 it was asked not to include the amount of dues (either current or long term) due to the village credit society under your office letter No. A. G. C. 151 dated 8th May 1930. Since then, the Bombay Provincial Co-operative Bank has directed to grant loans only to those members who can be fully redeemed of their debts. The necessity to include the village society's debts is thus rendered imperative.

3. The Indian Central Banking Inquiry Committee has also recommended and found helpful the entertainment of such a Loan by the Land Mortgage Society and in order to avoid overlapping (*Vide* Majority Report Vol. I, p. 172) such loans against mortgages by rural societies need be discontinued altogether. The latter class of societies have not the agency for valuation nor for examination of title, and if this is not put a stop to, it is feared the arrears in the village societies will be on the increase.

4. I have the honour, therefore, to request you to kindly reconsider your orders conveyed by your letter No. A. G. C. 151 of 8th May 1930.

I have the honour to be,

Sir,

Your most obedient servant,

Sd. A. U. Malji,

Chairman.

### Difficulties Experienced in Execution of Arbitrators' Awards and Liquidators' Orders

I

(By Mr. C. M. Gandhi, B.A., LL.B., Advocate, Chairman, Surat  
Central Co-operative Bank)

I am beholden to the Assistant Registrar Co-operative Societies N. D. for the figures relating to overdues of societies hereinbelow summarized which at a glance enable one to realise the problem of difficulties experienced in execution of arbitrators' awards and liquidators' orders, *viz.* that there is somewhere slackness in recovering the amounts due by the members of the society to them.

Year.	Unauthorised arrears, due by members to Societies in Surat District.
1928-29	Rs. 3,45,795/-
1929-30	" 4,71,426/-
1930-31	" 5,35,135/-
1931-32	" 4,47,064/-

Of these unauthorised arrears at the end of 1931-32 *viz.* Rs. 4,47,064/- the amount for which awards have been already passed is Rs. 2,15,451/-; the amount realised during the year was Rs. 12,131/-, overdues still unrecovered are Rs. 2,03,320/-.

Of the arrears due by the societies to the bank which comes to Rs. 1,47,236/- Rs. 1,36,856/- are represented by awards.

If strenuous efforts were made to execute these awards, I am sure that results must not have failed to be more satisfactory. It is no use trying to apportion blame on the parties concerned, as it is admitted to be done in certain quarters. Officers in the revenue department say that loans have been recklessly advanced and that, therefore, it is not possible to recover moneys from people who have not got properties from which the amounts of their debts could be realised. On the other side the men engaged in the Co-operative Movement complain that persons engaged in the collection of Government revenue do not exert as they should in recovering moneys due by the defaulting members of societies and that even when liquidators' orders are made, no serious attempts are made for realising the amounts due.

Now I can easily understand the force of the argument advanced by the subordinates of the revenue department that they fail to execute the awards because of the inability of the debtors to pay the amounts thereof if both the land revenue and the amounts of the awards were not recovered. But if land revenue is recovered from a particular debtor and if notwithstanding the fact that he has properties from which the dues of the Co-operative societies or the bank could be recovered, no attempts are made to do so, one is a bit tempted to believe what he hears in the district that the subordinate revenue officers are unwilling to exert themselves for executing the awards and openly state to the defaulters that they would not be troubled if land revenue was paid up, and when one has to consider information like the following, one is induced to believe that there might be a certain amount of truth in what one hears about them.

An award made in January 1930 for Rs. 1208-15-8 still remains unexecuted, though the debtor holds one Survey No. the upset price of which fixed by the Revenue Dept is Rs. 2750/- the only amount recovered being Rs. 6-4-0. Auction was held on 29-10-1931 and the Surat bank offered to purchase that property at Rs. 1900/-. Nothing is as yet heard of what is being done to recover the amount.

Another award made on the same day for Rs. 1324-3-3 remains unexecuted, the bank in the meanwhile trying to recover interest by leasing the property on rent.

The third case is of an award for Rs. 2195-3-8 made on 8-11-1928. The person has about 15 acres of land and three numbers thereof were put up to auction on 29-10-1931, the bank offering to purchase them for Rs. 1400/-. Nothing is heard as to what the revenue-authorities are doing.

In another case papers were sent for execution on 23-11-1929 and nothing is done upto now.

The tale as regards execution of liquidators' orders is also not very encouraging. A society in Olpad Taluka went into liquidation on 6-12-1923. The amount due on 1-3-1929 was Rs. 2067-11-7; not a pie is recovered though the society is an unlimited liability society.

In the case of another village *viz.* Pinjrat, only Rs. 115/- are recovered and Rs. 562-4-1 still remain unrecovered, though the orders were issued as early as October 1927.

In the case of another village with regard to liquidators' order of the same date, Rs. 730-12-6 remain unrecovered. In cases of unlimited liability societies it is surprising that liquidators' orders could not be executed even partially if the village officers were inclined to execute them and when their subordinate officers were inclined to see that sympathetic help was given to a sister department which is working for the uplift of the indebted agriculturists.

In Pardi Taluka there is a case of a man who owns 63 acres and 12 Gunthas of land. Order was made against him on 10-8-1928. The amount due was Rs. 177-3-0. The present Mamlatdar of Pardi is trying to do his bit in helping the recoveries.

There are awards of October 1930 in the village of Tukwada, Taluka Pardi and nothing is done in case of men who have properties ranking between 17 to 23 acres and the amounts due between Re-1300/- to 2100/-.

Now I believe that the reason why co-operators were pleased when Government by Sec. 49 of the Bombay Co-operative Societies Act allowed them to recover their arrears of land revenue, was that they thought that thereby they would be able to facilitate recoveries without adding to the cost of execution on the poor agriculturists. They at that time did not realise that though on paper it may look very well, a conflict of duty was likely to arise in the minds of subordinate officers when they would be called upon to recover land revenue and other dues which were not land revenue but which could be recovered as land revenue. After all they were not responsible and were not likely to be taken to task for not recovering dues not belonging to their department, and I am now firmly of opinion that if the debts of the co-operative department are to be recovered promptly so that societies may not stagnate and financial help may continue to be given to them, it is necessary that an officer of the co-operative department should be authorised to recover them as land revenue and all the powers that are delegated to the Collector or to his subordinates by the revenue department should also be delegated to him, and the Registrar of Co-operative Societies should be authorised to do so in place of the Revenue Commissioner or the Collector.

#### ARRANGEMENT WITH THE REVENUE DEPARTMENT IN REGARD TO EXECUTION, RECOVERY, ETC.

That really takes me to the second question as regards arrangement with the revenue department, in regard to execution and recovery. I am of opinion that no arrangement with the revenue department in the matter is likely to be successful. Land revenue will always claim to have first charge on their attention, and in years of low agricultural prices when recoveries become difficult, land revenue will be recovered, and in order to facilitate recovery of land revenue, recovery of other dues would be allowed to suffer. Therefore, what I would propose is to have statutory powers for the recovery of dues under sec. 59 of the Co-operative Societies Act placed in the hands of a recovery officer appointed by the department and the necessary statutory powers to execute awards etc. given to them as they are given to officers in the revenue department. These powers to them may, in place of the Revenue Commissioner, be delegated by the Registrar. That I believe is the only satisfactory arrangement possible, and I would, therefore, desire that the conference should concentrate on that being secured.

#### II

(By Mr. B. M. Gupte, M. A., LL. B., Chairman, Poona Dist. Co-op. Institute)

Critics of the co-operative movement often point out that notwithstanding the facility of the summary mode of realizations of the dues through the Revenue



Department, the recoveries of the co-operative societies are generally far from satisfactory. It is undoubtedly true that many of the societies are slowly drifting towards stagnation entailed by heavy arrears which necessarily result in large scale arbitration and ultimately in liquidation. To add to this, there is the further difficulty of finding out bidders for land at these execution sales. In the absence of purchasers the society is compelled to take the land itself either for an adequate bid or nominal bid. In any event it is sufficiently deleterious to the liquidity of the finance of the society. It is apprehended that in this way a position may soon be reached when many of the societies may be smothered under the dead-weight of the immovable property of its defaulting members. The question therefore arises "How is it that all these concessions about the summary recovery do not affect the growing menace of the unauthorised arrears?" This is partially accounted for, by the general economic deterioration of the agricultural population in recent years. It has also to be conceded that this state of affairs implies an unsatisfactory administration of the societies. If the loans were properly granted, if their application to the sanctioned objects were effectively supervised, if the managing committee were vigilant and active at the harvest time and if the society were a healthy organisation commanding the support or at least the sympathy of the majority villagers, there would not be so many execution proceedings and so many forced purchases of land. The real remedy therefore lies in the improvement of the internal management of the societies. But this paper is not primarily concerned with this aspect of the problem. Internal reform is a preventive remedy and therefore the best means to avoid the evil; but this is not now enough. The disease having made its appearance we must devote our attention to the curative aspect also. If the execution proceedings are inevitable we must see to it that they are carried out in the best way possible. But even after making allowance for the economic depression and the defective working of the societies the question still persists "How is it that the summary execution has proved so ineffectual in arresting the progress of the mischief?" The answer to this question carries with it the suggestion for remedies also.

The reply is that in actual operation the summary remedy is not summary at all. On the contrary the summary recovery has become synonymous with delays as great as the proverbial delays of the Civil Court which the "Speed merchants" of the Revenue Department were expected to avoid. There are examples of the awards remaining unexecuted even for four or five years. It is curious how the machinery of the Revenue Department, so speedy and efficient in the recovery of land revenue loses all vigour when engaged in co-operative execution! When one considers the recent tendencies of the attitude of the Revenue Department one begins to suspect whether the Government have lost all interest in the co-operative movement. The net result is that the so called summary realization is quite naturally unable to mitigate nuisance of accumulating arrears; and what is worse, its futility is so widely known and therefore so widely availed of by the unscrupulous amongst the defaulters that what was expected to be a deterrent threat has lost all sting even for the less dishonest. In addition to delay the following difficulties in execution call for notice:—

2. An arbitrator can in certain circumstances pass orders for attachment before judgment but this cannot be done in every case. After making the award the arbitrator becomes *functus officio* and subsequently no attachment can be made by him. During the time available before sale the dishonest defaulter manages fraudulently to dispose of his property or create false incumbrances over it.

3. Warrants for the attachment of movables like crops etc. prove to be useless. The village officials are not generally sympathetic to the movement

and they either give previous intimation to the parties concerned before executing the warrants or are at least slow in execution. A successful execution of the warrants of movables would to that extent obviate the necessity of forcing land sales.

4. Though the Government partially redressed the grievance about the adequate bids, the relief is not sufficient.

5. In many cases of sales for adequate bids, the Revenue Department realizes from the sale amount not only the Government dues of Revenue, Irrigation or Tagai charged on that particular piece of land but all such dues from the Khatedar in respect to his other property also. The Central Financing agencies, therefore, become naturally reluctant to advance money for adequate bids.

The following remedies may be suggested to mitigate the difficulties:—

(1) To avoid delay the Government should appoint special execution Mamlatdars or Awal-karkuns for co-operative work.

(2) I think, if the delay is avoided by prompt execution the difficulty No. 2 will in most cases automatically disappear. But if necessary the arbitrator should be instructed to make in the awards the decreed sum a charge on some immovable property of the defendant and such awards should be registered. In my opinion all this can be done under the law as it exists to-day.

(3) As an experimental measure some Supervisors recommended by the Assistant Registrar should be given the power to make, in execution, the attachments of movables. The goods attached should be delivered to the Revenue Officers and further processes of the sale etc., should be carried on by them.

(4) The necessity for both the nominal and adequate bid should be done away with by making a suitable amendment in Section 59 of the Co-operative Societies Act. Till then nominal bids should be allowed as a general rule.

(5) The practice of realising the Government dues not pertaining to the piece of land should be discontinued by the Revenue authorities.

It may be held by some that the suggestions are not drastic enough to cope with the evil; but I regret I am unable to sympathize with this view. The thirst for arbitrary power is always insatiable; the more we get it, the more we covet it. In my opinion the present powers are sufficiently drastic to be effective, provided they are properly exercised and promptly enforced. In that respect they have not been given a fair trial. We must, moreover, remember that unnecessarily drastic remedies generally, in the end, defeat themselves.

### III

(By Mr. D. K. Desai, Inspector, Bombay Prov. Co-op. Bank Ltd.)

A matter in dispute between a Co-operative Society and its debtors is referred to arbitration only in cases when the society finds it difficult to recover its dues from its debtors without the intervention of a mediator. The dispute between the society and its debtors relates not only to the satisfaction of the dues of the society, but it relates also to the manner in which those dues are to be paid off by the debtors. An Arbitrator appointed under the Co-operative Societies Act has got every power, as any other Arbitrator, to adjudicate upon all the matters referred to him. I am therefore humbly of opinion that it shall be in the power of the Arbitrator to direct the society in whose favour the award decree is passed to realise its dues by bidding at the auction sale of the property

of its debtor and setting off the amount of bid towards the same amount due to them. There is nothing in the Co-operative Societies Act or in any other Law which restricts the power of the Arbitrator in a certain direction. Inasmuch as a Court which passes a decree has got every right to direct in what manner the decree-holder shall get his decretal debt satisfied, in the same way, an Arbitrator, who for all intents and purposes is invested with all the powers of a Court, is not debarred from directing in the award in what manner the decree-holder society shall get its claim satisfied.

Further more in the case of a Civil Court decree sent out to the Collector for execution, there are two courts simultaneously functioning at the time of the execution of the decree *viz.* the Civil Court which passes the decree and the Revenue Court which executes it. The Revenue Court is merely a ministerial authority so far as execution is concerned. Therefore in the case of a Civil Court decree when any question crops up in the execution proceedings which requires exercise of judicial discretion that question has to be referred back to the Civil Court which also functions at the time of execution. That, I should think, is the reason why when a question as to set off crops up in the execution proceedings the Revenue Authorities refer the decree holder to the Civil Court. But the case is different in case of an arbitration court. As soon as an award is passed by the Arbitrator he ceases to function. Therefore before passing the award the Arbitrator has to make provision for every contingency that may arise in the execution proceedings. He has to provide in the award decree for the contingency of there being no bidder at the auction sale and the decree thus proving infructuous. Necessarily, in such a case, the arbitrator has to direct in the award decree that in case the decree holder is called upon to bid, he shall be entitled to set off the amount of his dues towards the same amount of the bid. I humbly think that there is nothing in the Co-operative Societies Act which negatives such a view. Either the Court, which passes the decree or the Court which executes it must have the power, to allow the decree-holder to bid and to set off that amount towards his dues. Otherwise, many a decree should be infructuous for no fault either on the part of the decree-holder or on the part of the judgment debtor. If the view that the Revenue Authorities or the Arbitrator have got no right to allow the decree holder society to bid at an auction sale and thus get its claim satisfied be untenable, many a decree passed by the Arbitrator shall be infructuous. I therefore think that the Arbitrator's discretion to direct that the decree-holder shall get his decree satisfied by bidding at the auction and setting off that amount towards his claim, if necessary, is unfettered by anything contained in the law as it stands at present.

If the Arbitrator has got no such power as stated above, I should submit that at least the Revenue Authorities should possess that right. I quite concede that they hold the sales under the arbitration decree under the provisions of the Land Revenue Code. The Land Revenue Code merely contains provisions with regard to the realisation of the Land Revenue by sale of defaulter's property. No question therefore arises under the Land Revenue Code of the permission to be given to the decree holders for purchasing the judgment debtor's property or of enabling them to set off the amount of bid towards their dues. It may therefore be pertinently asked as to how in the case of a decree sent by the Civil Court to the Revenue Court for execution, the Revenue Authorities gave permission to the decree holder to bid at the auction and refer him back to the Civil Court for permission to set off. But I may humbly point out that in the ordinary circumstances, the Revenue Courts have no authority either to permit the decree-holder to bid at the auction or to allow him to set off his claim towards the bid, because the Land Revenue Code does not contemplate any such case. But in exercise of the powers conferred by Sub-

Section I of sec. 70 of the Civil Procedure Code, the Government Notification in Judicial Department No. 599 dated 24th January 1880, as subsequently amended, has laid down that no holder of decree in the execution of which property is sold shall without express permission of the Collector bid for the purchase of the property ( Vide Manual of High Court Circulars, page 105 ). It is according to this Notification that the Revenue Authorities give permission to the decree-holder to bid in the case a sale under a Civil Court's decree. I do not know under what Law the Revenue Court gives permission to the decree-holder Co-operative Society to bid in the execution of an award decree passed by an arbitrator under Sec. 54 of the Co-operative Societies Act, because I have said already, the Land Revenue Code itself does not contain any such provision but in spite of this the Revenue Courts do give such permission as is referred to above and it is taken for granted that they have got authority to do so. If that is so, I cannot understand why the Revenue Authorities cannot give permission to the Co-operative societies to bid at the sale held under awards and to set off their dues towards the amount of the bid. If those authorities cannot give permission to set off, I do not see any reason when the Court which passes a decree for the Co-operative Society *i. e.* the Arbitrator giving that power to the decree holder society to give such a permission. At any rate, it cannot be said that if the Arbitrator gives such permission to the Co-operative Society in his award, that award is illegal. For all these reasons I humbly submit that it shall not be wrong for the Arbitrator to include in his award permission to the Co-operative Society to bid and to set off its dues or at least for the Revenue Authorities to give such permission.

### The Opening of Co-operative Warehouses in Rural Areas for Improved Financing and Marketing of Agricultural Produce

#### I

(By Mr. V. V. Garud, B.A.)

Improvement of the condition of the agriculturists who form the main population and consequently almost the basis of the economic structure of this country has been one of the main objects of the Co-operative movement. This question has, therefore, been prominently looming before the eyes of the co-operators. Better farming, better outturn and better marketing of it naturally occupy the foremost place. Timely and adequate finance coupled with industry as also the development of the power of holding out till proper opportunity for the disposal of the outturn arrives and proper agencies for such disposal are the main human conditions which, it is considered, go a great way in assisting to arrive at the above results.

The co-operative movement is trying to solve the problem of proper agency by creating Sale Unions and it believes that the establishment of a system of co-operative warehouses, as an adjunct to it, will assist in solving the problems of improved finance and development of the power to hold out until the market offers a favourable opportunity for disposal of the produce.

If such a system of co-operative warehouses is to be established the natural and most suitable situation for them will be next to the homes of those for whom they are intended, namely the village—the rural area as it is most commonly called. The system if properly developed will ensure credit with the financing agency and secure for the agriculturist finance which will be helpful for better farming and holding out as well.

The idea no doubt is tempting. Patience and perseverance may in time succeed in establishing a chain of warehouses in rural areas but whether the economic aspect and considerations of prudence will warrant such an undertaking without litigation is a question which calls for careful examination. The essential conditions for the success of the scheme are felt to be as under :—

- (i) The accessibility of the village at any time throughout the year.
- (ii) Suitability of the warehouses for stocking small as well as large quantities of various kinds of produce of various owners.
- (iii) The cost for making such arrangement.
- (iv) The ware-housing charges.
- (v) Availability of sufficient number of persons to take advantage of the offered facility.
- (vi) Sufficiency of the quantity of the produce for warehousing.
- (vii) Rate of interest on loans advanced on the security of the contents of the warehouse.
- (viii) Transport facilities at the time of marketing.
- (ix) Availability of sufficient funds for redeeming the goods from the financing agency in case they are pawned for effecting its sale in proper time.
- (x) In the case of cotton the Ginning and Pressing facilities at hand.
- (xi) Reasonable prospect of rise in the market.

A little reflection will show that these factors have an important bearing on the successful working of the scheme.

Before proceeding further it is necessary to point out that agricultural produce has to be classified into two classes namely "perishable" and "non-perishable". Articles which come under the first classification and which need a highly scientific apparatus and arrangement are obviously excluded from the limited scope of this note. It is only the second kind of articles that are now under contemplation.

We shall now deal with the 11 conditions seriatim :—

#### ( I and VIII )

Apart from the few villages which are linked by Imperial, Provincial and Local Board roads every one knows that majority of villages are served by crude country tracks which present insuperable difficulties for transport during at least one-third part of the year. In certain parts owing to the nature of the soil and the unbridged condition of petty rivers and rivulets vehicular traffic often comes to a complete standstill during that period. So long therefore as this state of things continues the villages in these parts have to be left out of consideration in framing the scheme.

#### ( II and III )

Granting that there will be sufficient number of persons who will avail themselves of the ware-housing facilities it will be necessary to construct compartments in the ware-house for stocking different quantities and qualities of the various kinds of goods of different owners. This naturally will involve greater expenditure in building which in its turn will impose a heavier rent on the lessee. It may be said that advantage should be taken of cheap houses

which are generally available in rural areas for this purpose but in that case the leaky condition of such houses involves risks which will more than balance the advantage. The detached position of these houses besides is likely to make the cost of supervision prohibitive. Further unless large stocks of the same owner are available for storage these houses are by their compartmentless construction unfitted for service as godowns except with bagging and this bagging which easily wears out is an item hardly within the means of ordinary or even the rich agriculturists.

( IV, V and VI )

The ware-housing charges include the rent, the heavy cost of bagging if used, the cost of maintaining an honest ware-house-man and watchman, and insurance. These charges will necessarily be distributed over the number of persons who stock their goods in proportion to the quantities stocked. This addition to the cost of the produce will be lighter or heavier according to the quantities stocked.

( VII )

Another addition to the cost of produce is made by the interest charges which the agriculturist will have to pay if he takes finance on the security of the goods so stocked. It is a point which consistently with its safety will require a favourable consideration by the financing agency.

( IX )

Another most important difficulty which is sure to confront the agriculturist is the finding of sufficient funds for tender at the counter of the financing agency which invariably would not release the goods from its charge for delivery unless its loan is satisfied. From the point of view of its safety its procedure in this behalf hardly admits of any laxity.

The goods are to be released from a rural ware-house and the time between such release and its disposal must obviously belong. The financing agency, therefore, cannot wait without security for payment nor can the poor agriculturist produce a collateral security to satisfy his creditor. A position of deadlock is thus likely to be created in most cases. A way out is possible by arranging for the transport under the direct care of the financing agency but that means an additional cost.

( X )

For rural ware-houses cotton presents another difficulty and that is its ginning and pressing arrangements. In the interior out-of-the-way places there is hardly ginning and pressing factory working at present. If, therefore, the cotton is to be warehoused in the rural area it will have to be transported and retransported before it can be put into the ware-house. This will thus be another addition to the cost.

( XI )

The total of all these charges presents no mean figure. Those who are not given to speculation have to think twice before undergoing all these expenses. An agriculturist is the last person to indulge in speculation. In fact he cannot afford to do it. Unless, therefore, he has sufficient data to expect a reasonable prospect of a rise in the market he shrinks from incurring the above expenditure and takes the safest course of unloading his goods at the prevailing market prices. There is a saying with him which means "it is better to repent after sale than do so with the burden of the produce lying in the house awaiting dis-

posal". And who can even approximately gauge the tendencies of the market in India which has to follow the trend of markets in foreign countries? There are no organisations to advise the agriculturist on cropping schemes or to control the production of a particular commodity in conformity with the statistics as in other countries. In the face of these facts every thing has to be left to chance and luck has to be invariably relied on.

Under the circumstances the conclusion that forces itself is to beware of hazardous undertakings and proceed with a cautious step. With all this, however, it is worth-while undertaking the experiment in selected areas where the conditions are favourable with a view to dispel the shyness of the people and create a spirit of enterprise in which they are lacking, the most suitable places for a beginning being the market places. It is an expensive experiment likely to be unremunerative in rural areas at the commencement. Cheap money is, therefore, an essential condition for it. The Sale Unions will be unable to find it from their own funds and it will be either for Government or the financing agency or both together to come to the assistance of the Unions.

## II

(By Rao Saheb V. C. Jadhav, B.A., Managing Director, Surat People's Co-operative Bank, Ltd.)

In the present times when growth of division of labour and specialization in production are absolutely necessary with a view to enable the agriculturist to stand against the world competition, marketing of agricultural produce is bound to assume increasing importance. In this Presidency though there has been considerable development of trade, in the Presidency town, and other big centres marketing arrangements in the mofussil are far from satisfactory and better organization and better method of financing are absolutely necessary in the interest of the agriculturists.

In the first place there are no regulated markets in the mofussil and so the agriculturists who come to dispose of their produce in what are loosely called markets, are at a great disadvantage. In any dispute or differences that may arise between an agriculturist and the purchaser of his produce, the latter will always have the better of the former as the persons to decide the questions are more in touch with the purchasers.

The disabilities under which the agriculturists are suffering can only be removed by the establishment of properly regulated markets, and the Central Banking Committee held that the establishment of such markets would confer an immense boon on the cultivating classes of India.

Another great hardship which the agriculturists are smarting under is the absence of satisfactory means of communication and methods of transport. In good many villages there are hardly any roads connecting the villages with the market centre; and owing to the want of communication and transport facilities, the agriculturist has no other go but to part with his produce in his village.

In case any agriculturists bring their produce to the market town, their position is very much weakened by their being compelled to sell their produce immediately they bring it to the market because there are no facilities for their keeping their unsold produce in a warehouse or godown.

Warehouses would not only allow the produce to be held over but would also enable the bank to advance on the security of such produce. If, under proper safeguards, some of these warehouses were licensed and proper measures taken to provide inspection, it would be possible to create in the shape of ware-

house warrants a readily acceptable security, as is done in other centres. The chief advantage of licensed warehouses, lies in the acceptability of their receipts, as a good collateral security. These licensed warehouses are also likely to be made use of for storing manufactured goods and crops like cotton and wheat, which tend themselves to standardisation and grading.

Railway administration may very well assist in having warehouses at selected stations.

At places where Railway land is not available and a warehouse is provided on privately owned land at some distance from the Railway goods shed, a Railway siding may be provided on more favourable and assisted siding terms.

Local bodies and other organizations may also contract and maintain such warehouses, with financial assistance from Government, if necessary and get them licensed. Legislation will also be necessary for licensing and otherwise controlling these warehouses.

It is therefore quite necessary that at places where godown accommodation is insufficient, stimulus should be given by means of loans on easy terms to approved parties or co-operative sale organization. The District Banks and the Bombay Provincial Co-operative Bank Ltd. may also be induced either to lend a portion of the moneys on cheap terms or should build godowns and charge rent on a basis of 5%.

### III

(By Mr. C. B. Huli, B. A., Assistant Registrar, C. S. S. D., Dharwar)

It is a well known complaint of the Agriculturists that they do not get adequate prices for their produce. The fact that the Agricultural produce began to have a wider market as a result of connections with the world market, theoretically the Agriculturists should have realised better prices and got adequate return for their labour. But as a matter of fact this has not been the experience. On the other hand the dealers are organised; they have got all Banking and Warehousing facilities and they know how to regulate the sale of goods to their best advantage. Due to a variety of causes *e. g.* illiteracy, want of organisation, indebtedness, difficulty to reach the market and want of facilities to withhold produce in time of slump, the Agriculturist generally parts with his produce at a disadvantage to himself. Thanks, however, to the Co-operative effort, attempts have been successfully undertaken to supply cheap credit and to organise sale. In the Dharwar District generally, every second village has got a Co-operative Credit Society and in all market centres Sale Societies have been working. All these are backed up with finance by the District Central Bank which is able to meet every reasonable demand of these Societies. The Sale Societies (markedly the Cotton Sale Societies) supply good seed to the cultivators by opening depots in various centres and after grading, effect sales by auction as a result of which reasonable prices are always commanded for the members' produce. In spite of these efforts the Sale Societies have not been able to sell in all more than 12,000 bales annually *i. e.* 8 per cent of the total arrivals of cotton in the various markets. The study of Agricultural conditions and arrangements of sale etc. lead one to arrive at the conclusion that this condition is due to the fact that facilities which the Agriculturists can enjoy need to be enlarged in regard to finance and storage of produce. With fuller development of the modes of finance and arrangement of stocking or ware-housing at hand, for purposes of holding up the produce, in case the prices are unsatisfactory, the Agriculturists could easily be induced to sell all their produce through the Sale Societies. At present many of the Agriculturists find themselves committed to sell their produce through local dealers,



because (1) they are already indebted to them and (2) they want petty hand loans which the dealers are quite ready to give.

The progress of Sale Societies is greatly handicapped, for want of suitable godowns at their headquarters in which to stock their goods. It is also necessary for them to have their own ware-houses in suitable rural centres, so that the Agriculturists who are disinclined to go to market places at long distances and who are in need of money can easily take their produce to the ware-houses. The Cotton Sale Societies, if they have got the convenience of stocking, can fully avail of the financial backing of Central Banks which have got enough surplus money, for the purpose. The Central Banks can advance loans on the security of goods actually deposited in the ware-house. These Banks have also recently adopted a by-law for advancing loans on the security of Agricultural produce to the members of Agricultural Credit Societies, affiliated to them. So there will be no difficulty in giving short term loans on the security of goods. The Cotton Sale Societies cannot command enough resources to have their own godowns and ware-houses constructed. So the State should afford the needful finance by loans at easy terms, for the purpose of constructing ware-houses. If in the present financial stringency, Government cannot directly finance for constructing of ware-houses and godowns the Central Banks may be allowed to build them, Government undertaking to repay the amounts as their financial position improves. Until then, the Government would do well to pay interest on the money invested by the Banks at reasonable rate. If ware-houses are built in rural centres, the following conveniences will be effected :—

- (1) Each warehouse will serve as a collecting centre.
- (2) Short loans on the security of goods will be available to the Agriculturists.
- (3) Gunny bags and seed can be supplied on the spot.
- (4) Sale of produce will be arranged at market place by samples after grading.
- (5) A wider circle of Agriculturists will be reached and the volume of transactions will be greater.
- (6) Glutting in the market will be prevented and co-ordination of supply and demand will be effected.
- (7) In course of time Ginning factories could be put up at centres where warehouses are maintained. This will effect saving in cartage, and seed will be supplied at lower prices.

I therefore would like to recommend to the Conference, the following resolution for its consideration :—

“ This Conference recommends that a small Committee be appointed, to go into the details of the question of construction of godowns and warehouses for each Sale Society and report to the Institute on the following points :—

1. The number of godowns and warehouses required.
2. Extent and mode of finance for their construction.”

### Need of Special Machinery for the Financing of Rural Industries

#### I

(By Prof. D. G. Karwe, M. A.)

The development of rural industries as spare time and alternative occupations for the agricultural population has been indicated as a measure for the relief of its poverty. The adoption of this course, as a lasting remedy, has

appeared to some as undesirable and impracticable. It is contended that the permanent solution of the poverty and underemployment of the cultivators can be found only by improving and extending their activities as agriculturists. Apart from this alleged undesirability of diverting the cultivator from his legitimate pursuits, the chances of success before small scale industrial producers are held to be very slight. If this view of the matter were to prevail the finance of rural industry would be a very risky and unsound business. As it is, however, these arguments are based on a narrow and superficial observation. Given proper organisation and financial facilities, there is no reason why the existing rural industries *e.g.* hand loom weaving, should not hold their own or why for that matter suitable new industries should not be established. The provision of cheap power in the rural areas, the dissemination of commercial and technical information, the provision of industrial training—these advantages added to the fostering care of the state and the sympathetic support of the public ought to be enough to ensure the success of many an existing and new industrial enterprise in the rural areas.

The other view that industrial pursuits will harm the development of agriculture as a full time business is equally unsound. For a continuous and profitable employment in agriculture are necessary, among other things, an economic size of the holding and an adequate water supply. With all the reform that we might anticipate in these respects, there will remain many villages in which for the lack of these facilities agricultural progress can at best be very limited. In these areas, even permanently, some additional non-agricultural pursuits will be desirable. In the more favoured districts development of industries might legitimately be desired as a better way of investing capital and labour, and as a prudent arrangement to counteract the economic consequences of the unavoidable vagaries of seasons. It might, therefore, be conceded that as supplement to the efforts for the improvement of agriculture, a development of industries in rural areas, particularly in dry districts and in districts where the holdings are relatively small, is desirable and, within limits laid down by competition feasible.

The finance of rural industries will necessarily depend on the economic prospects and peculiarities of different tracts. Hence before any schemes for financing rural industries are hit upon the following steps are necessary. A careful survey of different areas with a view to ascertain their industrial possibilities should be undertaken forthwith. The Department of Industries must initiate these inquiries with the co-operation of economists, businessmen, local leaders and experienced officials. The cottage industries of Switzerland, Germany and Japan have a long history of successful working, and it is necessary in mere prudence that first hand inquiries into the organisation and finance of these types should be carried out on spot by a qualified person specially deputed for that purpose by the Government of Bombay. When a preliminary survey has proved the prospects of particular areas for particular industries, care must be taken to see that the organisation set up is comprehensive, and that, besides offering credit facilities, it provides for the supply of raw materials, implements, motive power, technical knowledge, and efficient sale. The peculiarities of internal and external demand must be effectively correlated to the potentialities of particular districts.

Even if the responsibility for survey, propaganda, instruction and intelligence is shouldered by the state, which course is clearly indicated by the all round backwardness of the rural population, the individual villager will not be able to set up his own productive and distributive organisation and to provide for the necessary finance. The money-lender is his financier at present and where the security offered by the client is sound the rates charged by the money-lender

are not very unreasonable. But the lot of most of the village industries is so precarious that for their better productivity an organised effort is the only promising road to success. The joint stock banks do not find adequate security in lending to individual producers in villages. Nor have they the necessary technical knowledge of the industry and the close touch with the clients that are necessary for successful finance. The Co-operative Central Banks are not in this respect essentially different from the ordinary joint stock banks, and have in consequence been accused sometimes of unnecessary caution in financing industrial societies. The village primary society of the usual type is also not suited for the purpose of rural industrialisation. The kind of business that an industrial producer does is so different from that of a cultivator, that his needs and the risks run in lending to him are clearly distinct from the relatively safe and long term business done by the agricultural credit society. Moreover as outlined above the finance and organisation of industry must not be severely detached from each other. It would clearly be unthinkable to make the present primary village societies responsible for the organisation and finance of industrial business. The need of a special type of co-operative society for the requirements of rural industries is thus unmistakable.

It is possible to employ the principle of co-operation all through the conduct of village industries. Thus not only supply, finance and marketing, but production also might be organised on a Co-operative basis. But the experience of co-operative production in India and abroad has not been very encouraging. Moreover the peculiar nature of village employments and the need of keeping down overhead costs would be very serious difficulties in the way of a general adoption of the principle of co-operation in the productive organisation of rural industries. Production, that is the actual preparation of the finished product, will continue to be manufactured principally by the worker and his family, and in some cases by hired labour. The co-operative society will, however, be of immense use in the matter of supply of raw materials, accessories and tools. In fact finance may very often take the form of sales on credit of materials and tools, say on the instalment system. Marketing also should be undertaken through the same agency, which will thus have the double advantage of regulating production by demand, and of keeping a constant touch with the employment of its loans.

In the organisation of such industrial co-operative societies the following principles should be adopted. They should be based on the principle of limited liability, as interlocking of responsibility resulting from the other course, will tend to keep the better sort of producers from the co-operative organisation. Secondly, the societies should be organised extensively and should be federated. This plan will render feasible the raising of large sums at reasonable rates and the effective disposal of village produce in the most profitable markets. The joint stock and central banks, as also individual depositors and firms will be readier to transact business with these large scale co-operative bodies than with the single society. It is a common experience of Indian industries that the purchasers and retail dealers need credit facilities for extensive periods which the small scale producers cannot afford to give. This puts power into the hands of adatyas and agents, which can be prevented only by a federated organisation as suggested above. Such an agency can put into circulation co-operative discountable paper which will smoothen the course of industrial finance to a considerable extent.

It is not suggested that special provisions for the summary realisation of loans of industrial societies should be enacted, like those of the present agricultural societies. Such a provision is likely to weaken the responsibility and caution of the financing organisations and is likely further to restrict the

feeling of confidence and self-help of the clients themselves. Strict supervision from within and occasionally at the hands of special officers of the Industries and Co-operative departments should be insisted upon from the very beginning. Business caution, strict supervision, and active co-operation with government departments with a view to make the most productive use of loans and other facilities should be relied upon for the success of co-operative finance of rural industries, rather than the prospect of recourse to summary measures for recovery of dues.

The Government through an active, well organised and well endowed department of industries can and must help this process of rural industrialisation in a number of ways. As indicated above the responsibility in the matter of surveys, intelligence and instruction must principally be shouldered by Government. Where the resources of industrial societies fall short of immediate needs the Government must help by direct loans. In particular in areas where industrial societies have not found firm root the financial responsibility of the Government will be more pronounced. In the long run, however, the financial help of the Government in the form of loans must be reduced to a minimum, and must be granted as far as possible through the central co-operative agencies. Government must, however, help in the matter of inspection, technical advice and propaganda for which purposes grants-in-aid might from time to time be made out of public funds. Closest co-operation between a special rural branch of the Industries Department, and the revenue, co-operation, forest, finance and education departments must be maintained.

**Conclusions and suggestions :—**

1. In many areas development of rural industries will serve as a necessary and useful supplement to agricultural reform.

2. Before far-reaching schemes for the financing and organisation of rural industries are undertaken it is desirable that the experience of Switzerland, Germany and Japan in the same field should be studied by a specially deputed qualified person.

3. Industrial prospects of particular areas must be ascertained by means of intensive economic surveys before any definite schemes for financing rural industries are launched.

4. Besides cheap, adequate and helpful finance, education, tools, power resources, new designs, raw materials and marketing organisation must also be developed.

5. As far as possible finance must not be dissociated from organisation and the same co-operative bodies should attend to supply, credit and sale.

6. Industrial co-operation should be invariably based on the principle of limited liability; and no special measures for the summary realisation of arrears should be provided.

7. Loans should wherever possible be made in kind and should be recovered in the course of marketing.

8. The Department of Industries must take a more active part in ascertaining the prospect of rural industries and in providing for their organisation and finance, than what it has done hitherto.

*N.B.*—In the preparation of this note the following sources have been used :—

Report of the Indian Industrial Commission.

“ “ “ “ Agricultural Commission.

“ “ “ “ Central Banking Inquiry Committee.

Reports of the several Provincial Banking Inquiry Committees.

Co-operation in Bombay.

Co-operation in India.

Report of the Registrar, Co-operative Societies, Bombay, 1930-31.

(By Mr. D. P. Dastur, B. A., LL. B., Manager, Sind Central Co-operative Bank, Ltd.)

The present appears to be the most opportune time for reviving the languishing arts and industries of our villages from utter extinction. There is a great wave of national awakening passing over the length and breadth of the country. The atmosphere is surcharged with the spirit of Swadeshi. Swadeshi Sanghs and Buy Indian Leagues have sprung up in all important centres. Earnest men are applying their minds to constructive programmes and all signs point to an industrial revival on a national scale. Co-operative Banks and Societies can play an important part in this programme of re-construction. Almost all Co-operative Banks in the Bombay Presidency have surplus funds which could finance cottage industry with adequate safeguards.

Our village people, men, women and children are by nature industrious and willing workers. If they are found in any place to be indolent it is due to the force of circumstances of our own making. The people in the cities getting fat incomes and living practically on the hard toil of the villagers, have forgotten their age-long Dharma of patronising the Country's industries and thereby supporting their brothers and sisters in the villages. They have taken to cheaper machine made articles manufactured by people of other countries, particularly Japan and England. If we want to see our people in the villages happy and prosperous, we should find for them some productive work which may give them a living wage to be able to support their families on a decent human standard.

No doubt Agriculture is the main industry of our country but nowhere has agriculture sufficed to sustain a people without a subsidiary industry. Hand-weaving is one of the principal traditional subsidiary village industries. Besides, every district has its own ancient arts and crafts such as artistically designed cloth and embroidery work, printing, dyeing, pottery, straw, brass, lacquer works etc., in which the villager also finds scope for his innate love of beauty and art. Labour in Indian villages is cheap; but unfortunately there is no sustained and businesslike supervision over the cottage industries run in the villages, and consequently good honest capital is fighting shy and will not go to the assistance of these poor people with the result that they fall easy prey to the village sahukars who charge prohibitive rates of interest.

The only remedy to better the condition of the rural industrial labour appears to be co-operative credit (in cash and raw materials) on reasonable terms with direct and effective supervision over the production and marketing of the produce of different industries. If non-official co-operators of different districts were to organise themselves into supervising Boards with missionary zeal, our object would be achieved within a comparatively short period. This material is to be found among the prominent workers of the different Buy Indian Leagues springing up in district towns and elsewhere. It is the primary function of these leagues to promote rural industries. Workers of the Leagues are enthused with patriotic motives, and it is up to the co-operative financing agencies and the co-operative department to make full use of this dynamic material. The Central Banks should organise co-operative societies of rural industrial workers in all important centres. The work of these societies should be supervised through separate supervising Boards mainly composed of patriotic swadeshi workers known for their integrity and experience if such men do not join the newly organised co-operative societies and work on the committees of such societies. Once the principle of co-ordination of work between financing agencies and Buy Indian Leagues and industrial rural co-operative societies is accepted, it

will not be difficult to frame rules for smooth and effective working of such societies with the help of workers in the cause of Swadeshi.

As an instance of what such co-operation can achieve I will briefly relate my experience in Halla.

There is a Weavers' Co-operative Society in Halla, financed by the Sind Central Co-operative Bank Ltd., which is in a very bad state for want of effective supervision and business foresight. The Sind Buy Indian League recently appointed a small committee to visit the Halla tract to investigate the possibilities of reviving the cottage industries. The League invited three or four co-operators to work on this committee. The opportunity was seized and the Directors of the Sind Central Co-operative Bank Ltd., also appointed their own committee to visit Halla tract along with members of the Buy Indian Committee. The Deputy Registrar of Co-operative Societies in Sind was also requested to assist the investigations. The visitors stayed in the tract for about three days and made first hand study of the condition and prospects of the industries and gave practical suggestions and advice, with the result that the Weaving Industry alone secured substantial orders in less than a week's time. The Deputy Registrar who works with the zeal of a missionary was quite pleased with the result, and I am sure that if the work of co-ordination started at Halla assumes a permanent, practical shape, the cottage industries of Indian villages will once again thrive and prosper.

The machinery for financing rural industries will not be complete without the setting up of agencies for marketing the articles in the big cities of India. This can be successfully achieved through co-ordination with Buy Indian Leagues in these cities, by inducing the Leagues to open museums, bureaus and emporiums of swadeshi articles in the business localities. These emporiums etc. should be managed by an efficient staff, paid and honorary. They should be organised on a grand scale in Port Towns of Bombay, Calcutta, Karachi, Madras and Rangoon. They will help to introduce these products amongst the foreign commercial travellers, tourists and other visitors who come to India in thousands every year. They will also serve to introduce the products of one province to the other provinces in India.

I am in favour of existing Central Co-operative Banks financing industrial co-operative societies in their districts through the agency of the Buy Indian Leagues or their active members. I am not in favour of setting up separate industrial co-operative banks. There is no need for multiplying financing agencies.

#### **Condition under which New Agricultural Credit Societies should be registered**

*(By Mr. R. N. Rajadnya, Member, Executive Committee of the Provincial Co-operative Institute, Bombay)*

The number of Agricultural Credit Societies is not comparatively increasing during the last five years. In the canal tracts and in famine areas the overdues have increased. Co-operative Credit Societies are not being organised in Dharwar as there is very little scope there for further increase. In Bijapur there seems little chance of organising new Societies except where irrigation facilities are available. In Ratnagiri where there is khoti tenure and where Agriculture is itself a secondary industry to the people, Co-operative Societies are not increasing and even when it is not a famine tract the overdues are comparatively more. Even in other areas where there is demand for Societies and where there is no fear of frequent famines it is not always possible to start Co-

operative Credit Societies if the area is educatively backward as it is not possible to get over one or two literate *panchas* to conduct the Society. There is everywhere trade depression and "famine of money". The result is that the figure of overdues for last year 1930-1931 was larger than that for the previous year (1929-1930).

Even if Societies are organised in "approved areas" it means some additional work to the Registrar and his staff with no additional budget but on the contrary his budget grant is now being reduced. It is practically hopeless to expect additional grant for new organisation or even development under present state of finance of our Presidency.

Even under these depressing circumstances are there not any ways of improving the existing weak Societies and even along with consolidation can we not start some more Agricultural Co-operative Credit Societies in "approved areas" ?

If there is no progress there will be stagnation which will ultimately lead to the deterioration of the existing good working Societies. This is the time when the defects in the present working of Societies should be carefully examined and remedies thought out. That will help to remove the defects in the existing Societies and to prevent such defects in the new improved organisations of Credit Societies which are the foundation of the Co-operative building in a peasant community, and the concentration of effects in its consolidation and progress is neither disproportionate nor ill-advised. The capital in Central Banks is increasing but the working and number of Societies has not progressed so much as to make use of the additional capital. So this capital is being invested in Government Securities which are so much susceptible to market fluctuations.

Even though there is increase in the number of Societies and also in their working capital the overdues are still with us and perhaps are increasing in some places. The *sahukar's* business has not much gone down even in Society villages as expected. All this points out the necessity of careful examination of the present *general* defects in the working of societies with heavy overdues. These *general* defects are noted below :—

1. The account and registers are not properly kept by secretaries.
2. Loans are not given in time, and when given they are not according to the normal credit statement. So some influential *panchas* get more loan than they deserve while deserving members get loans less than the amount sanctioned.
3. There is no timely finance as the members who repay the loans in time are not given fresh loans for their agricultural operations in time as there is delay in the sanction of loans by the Provincial or Central Banks.
4. There are more chances of book adjustments and Benami loans working with non-members' deposits and with no loans from the Central Provincial Bank.
5. There is no verification for the use of loans. So loans are used for a purpose not stated in the loan application. The loans given for the purchase of bullocks are not generally used for that purpose. As loans of the purchase of bullocks are repayable in two instalments this is one of the chief reasons why such loans are eagerly sought after.
6. Large cash balance is kept in hand even when not required for giving loans to members.

7. There is not much publicity (as in the case of Local Boards) given to the audit remarks of Societies. So the pressure of public opinion is not effective on the officers of the Society.

It is not meant that all these defects are found in each and every society which has gone down. Even one of the defects is sure to cause the downfall of the Society. Then what to say of more than one defect ?

It is easier to find out the faults than to suggest remedies that will be really preventive and curative at the same time. I think, however, that if the suggestions noted below are followed there are more chances for the improvement of existing societies and also for the successful organisation of new societies in the *approved area* even under the present circumstances :—

- (1) Societies to be organised in the area of a supervision union and also in the area of the branch of a Provincial and Central Co-operative Bank.
- (2) The Society should have share capital and unlimited liability.
- (3) It must get itself affiliated to a sale union and or sale society provided it is in its area of operation. The members should sell their produce through the sale shops of the sale society. This will be one of the best help for recovery instead of appointing separate and expensive establishment for recovery work. The members refusing to sell through the Society will have to pay the *adat* loss to the sale society for the goods sold through outsiders.
- (4) No loans to be given in excess of the limit sanctioned by the General Meeting for each member.
- (5) Loans for unproductive but necessary purposes should be given with mortgage security of land of the member.
- (6) The members of the Managing Committee should be made responsible for the loss to the society for loans given (1) in excess of the limit under by-law No. 33, (2) in excess of the limit sanctioned in the maximum credit statement, (3) for Binami loans and (4) book adjustments. The Madras Inquiry Committee has made a recommendation approving of the suggestion No. 6 (1).
- (7) There should be a Taluka Agricultural Credit Society for landholders who want loans exceeding the usual limit under by-law No. 34.
- (8) The societies should not be allowed to receive deposits from non-members residing outside that taluka and the rate per year per cent. should never exceed more than 6 per cent.
- (9) Tenant farmers and field labourers should not be given loans for their Agricultural operations and other necessary purposes unless two agriculturist peasant proprietors stand surety for them.
- (10) The loans when given to shoemakers, weavers and labourers in village should be made repayable in monthly instalments not exceeding twelve.
- (11) While loans given for the purpose of trade should be made repayable before the break of monsoon.
- (12) The Union Officers, paid and honorary, should inquire the purpose for which loans are utilised taking necessary help from the Managing Committee.



- (13) The time of repayment of loan should be according to the season in the tract where the society is situated.
- (14) Loans should not be given in one lump sum once a year. Loans for cultivation purposes can be given at least twice every year and these too by order cheques if the society is near a branch of the Central or Provincial Bank. Loans for seed and manure may be better granted in kind.
- (15) Societies should have not more than 50 effective members.
- (16) Their general meeting should pass a budget for the necessary and detailed expenditure of the society. The pay of the paid staff should not exceed a fixed proportion of this expenditure.
- (17) In backward areas there should be group secretaries who should have passed the secretary examination (preferably from the agricultural class) who should be controlled by the Union.
- (18) There is no definition of the word agriculturist in the act or Co-operative Societies Act nor in the By-laws. Agriculturists are divided into five classes. (1) Peasant proprietors. (2) Peasant farmers, (3) Landlords receiving rent from lands. (4) Landlords receiving rent on labour system. (5) Labourers. If the suggestion No. 12 is being carried out members of the classes No. 1, 2 and 4 should only be admitted in the Society.

Now except suggestion No. 7 all other suggestions can be incorporated in the by-laws of the Society that is to be newly organised. The good working of the Society not only depends upon its by-laws but how far those are faithfully carried out, but as we are carrying out the policy of strengthening the Unions thereby increasing the internal control of the Societies for their gradual improvement it is but necessary to have such by-laws that seem necessary for the removal of the defects already pointed above.

The numbers of Unions has increased from 92 to 118, membership has increased from 1353 to 3014 and their working capital has increased from 15299931 to 29978067 during the last five years so that now half the agricultural societies are under the unions and the expenditure of the unions is nearly one-fourth of that which Government spends on the Co-operative movement. The Societies under unions are showing noticeable improvements and lessening much of the work of inspection of the department and of the banks. If some of the suggestions are carried out with the help of the Unions it will not only help the work of consolidation and improvement of the primary Societies but it will also help in the organisation of new Agricultural Credit Societies on sound lines.

#### Assistance to be given by Co-operative Credit Societies in the work of Rural Development

*(By Mr. V. S. Habbu, B.Ag., Hon. Secretary, Kanara Dist. Co-operative Institute, Kumta)*

Present Position.—The Village Societies are not functioning as they ought to. The principles of Co-operation and its aims and objects and the goal have been given a back bench and the advancing of loans has been kept before as a goal. These have become money lending shops, but in this respect, at least, they are not showing the keen business tact which the money lenders

exercise. So long as the societies were working for a few years and until the economic depression, the evil effects could not be seen. The members could find money outside and pay off their accounts. But the present slump in the market has dislocated this facility with the result that the overdues have mounted up to an enormous extent. It is not purely due to depression as one is wont to think. There is a fall in prices of all commodities which has of course resulted in lowering the value of lands and the land owning class cannot easily raise loans. The majority have been living on loans on the security of coming crops or lands; the impression that has made a firm footing in the minds of the members of Co-operative Societies is that these are meant for supplying money at a cheap rate. That has been fully taken advantage of. A person who could not easily raise a loan of Rs. 25 with Sawkars could easily get Rs. 200 or more if he brings forth two sureties as sacrificial lambs. So long as the movement was new, the evil effects could not be seen. Now it has taken every one by surprise.

Simply arranging for facile credit should not have been the chief avenue of activity. But these are things of the past and some future lines have to be struck out. Instead of the Co-operative Societies being the agencies for facile credit, they have to be made the basis for the structure of the economic, social and the moral uplift. It should be the foundation and the foundation has to be laid on firm ground. The evil effects of past transactions have to be slowly removed and a new turn given to them. The village societies should in fact be made the centres of Village Reconstruction and each and every society worth the name should be modelled in that fashion. In this connection the following suggestions can be made.

I. Reconstruction of the mentality of the villagers in the direction of betterment of economic and social life by propaganda and education and persistent attempt.

II. Study of the economic condition of each family, of its members and chalk out a plan of work to improve the economic condition.

III. The Credit Society must act as the financing agency more in the direction of better production than in the direction of old debt-redemption. There is a tendency on the part of members and the societies to advance long term loans on land mortgage without proper scrutiny. In many cases this has become an additional burden on the members. The credit societies must so plan their advances as to meet the requirements of out of pocket expenditure in cultivation, either for labour or supplies. The present system of advancing loans once in the course of the year in a lump has to be entirely overhauled. Better production must be the aim of the society and all possible help in every direction must be given. A programme of work in regard to agricultural improvements should be adopted.

IV. The Society should also act as an agent in the disposal of the members' produce and for the supplies of members' requirements. The Societies should make a survey in these directions. With better production, better business must accompany or else all the advantages of labour will be lost if these two are not handled by Co-operative agency.

V. Thrift is another item which requires to be wedded on to this programme. This cannot be overlooked. Extravagance or excessive expenditure beyond one's capacity should be discouraged. It is for the expenditure on marriages especially a very large amount is required and this in at least 75% of the cases is raised by loans, which goes on increasing in volume with the many

ceremonies that naturally take place in the families and with the accumulating interest. In these respects the expenditure incurred by each community of the village should be closely scrutinised and a minimum standard of expenditure without losing sight of the importance of religious functions but short of all pomp, should be drawn up, so that nobody should fight shy in celebrating the ceremonials with as little expenditure as possible. In many cases loans for ceremonies are asked. It is just the time to strike at the root.

VI. Education is an urgent necessity and not a superfluity in these days. All the children of the school-going age should be encouraged to go to school. Education of the adult is no doubt a problem but the adults fight shy to come forward. A persistent appeal may have some effect. Many of the boys after leaving schools do not come in touch with books and lapse into illiteracy. To prevent this, a taste for reading has to be kept up and this can best be achieved by maintaining a reading room.

The Societies can help in the cause of education by spending a good part of the Charity fund in giving books and fees to indigent boys and in maintaining a library.

VII. Perhaps the greatest bane of the society is litigation. Litigation has become second nature in many. What an amount of economic waste takes by going to law even on trifling matters. Unless this is put a stop to, all attempts at economic and social uplift will be a waste. Litigation not only causes economic loss but breeds hatred, enmity and distrust between neighbour and neighbours. Some organisation in the village itself is essential to settle matters by arbitration.

VIII. To create a social atmosphere, some sort of functions are a necessity. In the villages *Bhajan* parties or dramatic performances organised by the villagers themselves offer best opportunity. Singing of songs on religion etc. is a help in the direction of moral uplift.

IX. The village society has also to tackle up problems which concern the village as a whole. Mention may be made of absence of roads, insanitary condition etc. This, the society which functions for the welfare of the village must undertake by pooling the contributions from members. In Japan each of the members is obliged to allot half a day in a week for the work of the village. This is really a healthy plan without any investment. Valuable work can be turned and various amenities of life created.

These are various activities in which the rural credit societies should take an active part if real benefit is to be realised through co-operation. All the problems are inter-connected and one cannot be separated from the other. The villagers' problems cannot be solved piece-meal. Many aspects of rural life have to be dealt with. The whole atmosphere of the village life requires to be over-hauled. The societies being financing bodies, they can enforce healthy rules. Just as in Japan, each member may be made to make a declaration on oath to act up to the rules of the societies with a penalty for default.

The above cannot of course be achieved all at once. It is an up-hill task. The Institute and the Unions with the co-operation of the Departmental staff have to undertake this plan of working. Improvement of the members' lot should be the aim of the workers. The Institute and the Supervising Unions have to take a leading part in this direction and the work of the Supervisors should not consist of merely looking to the books. This is soulless work. The Supervisors themselves are required to be trained in this branch and properly guided. In short, the village societies should, in future, function as Rural Reconstruction Organisations and not purely as financing bodies.

**Arrangements for the Financing of Housing Societies by means  
of Debentures or otherwise in view of the stoppage of  
Government Loans**

I

(By Mr. K. S. Ramachandra Iyer, President, S. I. C. Housing Society,  
Bombay.)

It will not be so easy to get another institution or group of institutions to take up the financing of Co-operative Housing Societies in the same manner and with the same convenience as is possible for the Government. It must be remembered that advances made to Housing Societies by Government are not repayable in a lump sum. These are payable in equated instalments spread over anywhere from 20 to 40 years. Now that the Government have temporarily stopped advances to the Housing Societies. In my opinion, this is bound to give a great setback to the formation of the other new Building Societies and even to the development of existing Societies.

There are two classes of Housing Societies so far as I know: (1) in which any one can be an ordinary member without being a tenant and (2) tenant ownership. Speaking from my own personal experience, I have found that the latter class of Societies is better and financially sounder, because of the obvious fact that tenant owners feel and appreciate their ownership and are very sensible to the responsibilities undertaken by the Societies.

As I have stated in the beginning, it may not be easy to get a body of people or institutions to come forward to advance money to Housing Societies, because of the obvious impossibility of the Societies being in a position to refund such advances in any lump sum. It is suggested whether such advances can be had by the issue of debentures. Debentures, in ordinary commercial practice, are issued for a fixed term which is considerably shorter than is fixed for Housing Societies. Repayment of debentures is not by equated instalments, but by a fixed sum of money every 2, 3, or 5 years—interest being payable every year or half year at an agreed rate.

Debentures for Housing Societies, if at all they are available can be had only from private individuals or from Banks. It is doubtful whether ordinary private individuals will care to interest themselves in Housing Societies so that if Banks have to make advances to the Housing Societies, they should be Co-operative Banks. But the difficulty for the Bank will be that it will never be able to get back the advances made to these Societies in a lump sum, as a Bank will always insist upon getting back its advances as quickly and by as lump a sum as possible. We therefore have necessarily to concentrate, so far as debentures are concerned, on private individuals and the only way to get finance for the Housing Societies is to get hold of such individuals who could afford to spare the surplus money and who will be agreeable to receive repayment as the Government is doing at present. Even here the difficulty will be whether there will be enough number of investors who will be prepared to make these advances without having some sort of guarantee from the Government. After all is said and done, the Co-operative Movement is a part and parcel of Government and if in view of the decision of the Government not to make advances for these Societies, they will at least be prepared to give a kind of guarantee to the would be investors for making advances to Co-operative Building Societies, it may even be arranged that instead of repayments being made by equated instalments, these may be made in the same way as other debentures are returned. Where more than one debenture holder is there, such repayments can be done by casting lots. My own feeling is whether advances

are made by one debenture holder or number of debenture holders, it is for the Government to guarantee to these debenture holders that repayments will be regularly made by the Societies and if this guarantee is forthcoming, I am sure, an attempt can be made to raise the money for building operations by debentures.

A suggestion is also being made whether Life Insurance Companies can be induced to invest in Co-operative Buildings. Here also the point is one of equated payments. But if repayments can be made by instalments, and the period is not fixed beyond 20 years, this suggestion cannot be unacceptable to Insurance Companies with large surplus funds. Before, however, this can be put to the Insurance Companies, there should be a very specific scheme prepared by the Registrar of Co-operative Societies in this behalf, as he is in a better position to suggest such a scheme, than some of us. I am sure if a proper scheme is drawn up which would appeal to the Insurance Companies, I do not think there will be very great difficulty in persuading the Insurance Companies to take interest in Co-operative Building Societies.

I have sketched these ideas merely as a suggestion and as there is to be a discussion, many other points and suggestions are bound to come.

#### Proposals for Retrenchment in the Co-operative Department.

(By Mr. Gajanan M. S. Rane, Vice-Chairman, Bombay Divisional Co-operative Institute and Member, Executive Committee P. C. I.)

The present policy of the Department is said to be of consolidation and not so much of expansion of the movement and as such the Department is expected to weed out bad societies and to improve the rest.

2. The Retrenchment Committee in their Report have suggested the following retrenchment :—

- (1) Two posts of Assistant Registrars to go.
- (2) Honorary organisers to be abolished and thus effect a saving of Rs. 64,000/- or thereabout.
- (3) To increase the scale of audit of Societies for a pair of one senior and one junior of 200 instead of 180 Societies.

It is not known whether these recommendations have been fully given effect to—particularly item (2) above. The Honorary Organisers are still there with their travelling activities restricted, and as long as these organisers continue to exist there is no certainty that provision in the Budget for their allowances may not cease to continue.

It is said that item No. (1) has been acted upon but an additional post of special auditor has been created and duly filled in. This reduces the expectation of savings in salary by the proposed retrenchment.

As could be seen from the Retrenchment Committee's Report the Department was willing to retrench Industrial Organisers and two Assistant Weaving Inspectors, but beyond reducing one Agricultural Organiser it has omitted to act accordingly as may be evidenced by the final issue of the Budget Estimates. This is tantamount to going back upon one's own suggestions and the Department may be well advised to take to it rather seriously.

As a matter of urgent public importance it must be considered as to what extent without in any way impairing its efficiency the Department should be enabled to effect retrenchment and in view of the straitened finances of the

Province it is submitted that the following recommendations may serve that end:—

- (1) The Assistant Registrars should be brought on to the level of Mamlatdars in the Revenue Department and their scale of salaries re-graded to 200-15/2-260, 275-15-350 Time Scale and 370-15-400 Selection Grade as against their present salaries as stated in the Civil List viz. Rs. 250-20-750 exclusive of all sorts of allowances.
- (2) The appointments of Special Auditors (Grade Rs. 250-20-750 plus allowances) with their entire establishments should be done away with.
- (3) The Institution of Honorary Organisers to cease.
- (4) Weaving Inspectors' posts should be abolished.
- (5) Agricultural Organisers may be dispensed with.
- (6) The Number of Assistant Registrars should be reduced to five only, one for each Division C. D., N. D., S. D., Sind and Bombay.

The expected savings on above will work out to about :—

(1) Assistant Registrars	... ..	10,000
(2) Special Auditors	... ..	21,885
(3) Special Auditors' Establishment	... ..	50,000
(4) Agricultural Organisers	... ..	19,017
(5) Weaving Staff	... ..	1,580
(6) T. A. for Honorary Organisers	... ..	64,000 (Vide Ret. C.R.)
(7) Savings on T.A. & D.A. to above-named officers	... ..	10,000
		1,76,482

The reasons for the proposed reductions in the scale of salaries of the Assistant Registrars etc. are:—

The Registrar being selected from the Collector's grade and being ultimately responsible for administrative and executive duties of the Department, the work and responsibility of the Assistant Registrars cannot be much more than that of the Mamlatdars. The latter officers have also to cope with magisterial work. The area of operation of these two officers need not be taken into account as in the case of the Mamlatdars it is balanced by the magisterial work, but the volume of annual work and the responsibility attached to it require to be taken into account. Roughly 6,000 Societies if distributed among 5 Assistant Registrars would leave 1,200 Societies to the care of each Assistant Registrar to be looked after every year and it cannot be successfully contended that the problems connected with all these 1,200 village Societies are more complicated and require officers of higher calibre than the Mamlatdars who have to deal with various questions of revenue, treasury and public peace and order.

The need for special Auditors and their Establishment does not exist at present. These posts were created when the Auditors were not qualified. At present most of the Auditors hold the necessary qualifications; there are now B. Com's., G.D.A.'s and G.D.C.A.'s among their cadre as against the similar qualifications of the Special Auditors. It is presumed that the function of special audit tends to result in unnecessary expenses by way of allowances and instances if searched may be found in support.

The Special Auditors are entrusted with the audit of the Central Banks and the Urban Banks having capital over Rs. 50,000 and it is submitted that the resources of these Banks should enable them to get their accounts audited by locally qualified professional Auditors. This arrangement should meet the accounts purposes. To ensure that these Banks do not depart from Co-operative principles, periodical inspections from the Assistant Registrars and the Registrar would suffice the statutory requirement of the Department. Time has now arrived when Government assistance to these Banks can safely be withdrawn and the funds saved thereby directed towards helping the agricultural village societies. The Banks are said to be working on commercial basis and it is but proper that they should be asked to bear their own cost as a business proposition. It is evident from the speeches of the Chairman and the President, the Urban Banks' Conference recently held in Bombay under the Presidentship of Professor H. L. Kaji as also the resolutions passed thereat, that the Banks themselves want independence and are prepared to pay its cost.

The Co-operative Movement aims at promoting thrift, self-help and mutual aid among *Agriculturists and other persons with common economic needs*, but recent organisation in Urban areas if minutely scrutinised will show that shrewd businessmen are taking advantage of the Act primarily intended for people of small means. The Merchants' Co-operative Agency, the Co-operative Insurance Society and the Maharashtra Industrial Agency may be quoted as instances. In the Insurance Society the business was first intended to be restricted to a policy of Rs. 500. It was subsequently raised to Rs. 2,000 and now that limit also has been removed and the area extended to outside Bombay Province. The Registrar, Co-operative Societies, is on the Board and has presumably allowed these extensions. Although there may not be objections to such expansion, the co-operative movement as applicable to this Presidency may be accused of having allowed itself to drift before sufficiently fulfilling the expectation of the Act for directing its benefits to the Agriculturists.

The work of consolidation and improvement of existing Societies can be undertaken by a non-official body like the Institute. At present Government grant of about Rs. 20,000/- is given to the Institute, and if the retrenchment proposed is approved, it might be possible for the Government to make a substantial grant of Rs. 50,000 and thus enable the Institute to employ qualified and adequate staff and also to undertake some more functions as the Registrar and the Assistant Registrars may be prepared to part with. Perhaps there will be no objection to transfer statutorily some of the responsibility to the Institute once the grant is substantially increased. Necessary precautions may be laid down under the guidance of the Registrar until the Institute properly functions.

Regarding abolition of Honorary Organisers, there appear to be no two opinions. It is generally agreed that there should be only consolidation and not expansion for the present. These organisers should therefore be dispensed with and a saving of Rs. 64,000 effected as clearly stated by the Retrenchment Committee in their Report on page 16. If a portion of this amount is given as additional grant to the Institute, it would be possible to devote more attention for the improvement of the existing societies.

The other items *i.e.* Industrial Organisers, Weaving Inspectors etc. need no explanation as the Department itself suggested to the Retrenchment Committee that these posts should be abolished. Should they be found to be necessary on the grounds of increasing arrears requiring constant Departmental attention, they may be placed in charge of the Department of Industries, and the Agricultural Organisers under Agricultural Department.

The savings on above lines if effected are estimated at Rs. 2,00,000.

**Policy to be adopted in view of Agricultural depression regarding fresh finance**

*(By Mr. S.G. Almoula, B.A., LL.B., Assistant Registrar, C.S., N.D.)*

Abnormal outbursts of nature in monsoon, winter or summer—the three main seasons in our country—brought about the disagreeable dawn of the period of depression in agricultural industry in respect of its annual outturn of produce. These upheavals also did considerable damage to the houses and lands of the agriculturists inasmuch as the former were ruined and needed immediate reconstruction; while, the latter in many parts of the country lost their inherent characteristics to assume less productive aspects.

Thus the demands of the agriculturists increased on the one hand, while income decreased on the other during the last five years commencing from 1926 onwards.

The economic depression in the agricultural industry remained latent for some time so as to make itself invisible to the short-sighted, but it soon made itself patent within the last two years. This phenomenon brings the importance of the question to prominence for the co-operative banks which are mainly designed to solve the problem of agricultural finance.

These banks, which had their commitments undertaken long before the commencement of the period of boom which coincides with the period of the great war and about three to four years following the armistice and the treaty, were induced by high prices of agricultural produce prevailing then to undertake finance for redemption of old debts, land improvement, and other purposes requiring long-term loans while short-term loans were also liberally given by them to the members of the society, of course, through their respective institutions. The years of flood, frost, sub-normal and abnormal, untimely rains upset their calculations which received a further shock from trade depression, which brought down the prices of commodities to nearly 1/3 to 1/4 their level during and immediately after the War. Recovery of loans advanced during the war had not been effected fully by the time the effects of depression became glaringly visible. Hence, with large outstandings of past not an insignificant portion whereof had become overdue and slow as well as small recovery due to hesitating repayments of the present the question of fresh finance to agriculturists whose industrial prosperity cannot be viewed without pessimism deserves to be treated with the care and caution it deserves. In short, while pronouncing any views on this subject safety of the financing agency and its depositors and share-holders—the lender—as well as that of the society and its members—the borrowers—has to be duly weighed and considered.

In the first place, the unlimited liability of the society is held out as a reliable harbour wherein to land the boat of finance in troubles. Whether or not that harbour contained rocks with required big limelights was a question till now. Unfortunately recent resolutions regarding offer and acceptance of nominal bids by the societies examples of enforcement of unlimited liability though so few as can be easily counted, depreciation in prices of lands due to trade and agricultural depression and consequent financial stringency and tendency on the part of members to part with their lands by means fair or foul to evade any attachment or sale thereof in execution of the awards for realisation of dues of the society have exposed the unreliable element in that security. Hence, the statements of assets of members of societies deserve to be revised every year by the Central Agency; and wherever a tendency for fraudulent transfers is noticed immediate steps should be taken to secure these lands against such tricks. Members' deposits and reserve fund of the society are the other factors which



can be looked to for mitigation of its liability. The former are no doubt taken for a period of ten years. But when it is borne in mind that almost the whole amount of these deposits is the result of deduction at 5 % or 10 % effected from the loans advanced to members and that some societies allow members to get these deposits credited towards their loan accounts irrespective of their maturity for payment and that the amount of deposits as well as reserve fund is utilised in the working of the society their importance to balance the risk of finance taken by the central banks or any other financing agency pales into insignificance. It is, therefore, suggested that if deposits of members are at all to be made worth the security and thrift which they are intended to offer and teach they should be got converted into share-capital of the members as early as possible.

Thus the earning and consequent repaying as well as saving capacity of the members of the societies is the only element on which considerations for fresh finances to them can be based. As a reasonable corollary to this it can be safely said that unless the saving capacity of the members can be judged to offer them a safe margin to repay any long-term loan which has been and may be advanced to them hereafter no thought of advancing them any long-term loan needs be entertained at present. I make myself bold to lay down this statement for consideration by the Conference in view of the past commitments of the members to the societies as well as outsiders; and their decreasing earning and saving capacity due to the depression in trade, commerce, and agricultural industry.

The earning capacity of the members depends on the lands owned and cultivated by them as well as other sources of income which they possess. Unfortunately, there is a very limited number of members in rural societies who have sources of income besides agriculture. Those members who own sufficiently large holdings as would give them a stable income from year to year under normal conditions of the season deserve to be financed to the extent of their annual repaying capacity, which can be based on their share-capital with the society and their income and expenses as judged by the managing committee of the society and verified by the Supervisor of the Union or Inspector of the Bank or both.

Those members who own and cultivate holdings to give them adequate income from year to year under normal conditions may be advanced loans to the extent of 1/3rd or 1/2 of their income after taking into consideration their share-capital with the society.

The intricate question of finance is in respect of those who own no lands but cultivate those of others and have nothing to offer as tangible proof of their credit except their share-capital with the society and their word to repay its dues. Such members are unfortunately not few and question of finance to them has been under discussion at almost every conference. Primary point to be considered in respect of these members is whether the lands they cultivate are of agriculturists like themselves or of sahu-kars, who are or are not absentee land-lords. Should they happen to cultivate the lands of the agriculturists of the village these should be made to stand as sureties for them before any loan is advanced to them. In the other case of tenants of landlords who are not agriculturists it would be safe for the society either to call upon the land-lord to finance his tenant or if he is a resident of the village of the society to ask him to be a surety for his tenant by being a member of the society. If he refuses to do either it is safe to leave him alone instead of, as is done in some cases, courting his trouble of finance for the society and allow him safely to enjoy the income from his lands.

In the other cases of the absentee landlords unless they agreed to stand as surety for their tenant under rule 11 of the rules of 1927 no finance to such members beyond their share-capital with the society can be regarded safe either for the sureties of such members or the society.

The points for consideration of the conference on the subject of fresh finance may be summarised as under :—

(1) In view of the reduction in prices of lands and inducement to part with them to avert liabilities the necessity to revise (a) the statement of assets of members in lands and houses every year should be recognised that no society should be allowed to have limit for outside borrowings exceeding 1/3 of the total assets in lands and houses which are transferable (b) the bonds of the societies to the financing agency and their members should also be revised once in every three years to know exactly the indebtedness of the societies towards their Central Bank and those of members to their society. (2) Only short term loans need be advanced at present to (a) members owning adequate holding to the extent of their annual repaying capacity (b) members owning and cultivating adequate holdings to the extent  $\frac{1}{3}$ rd or  $\frac{1}{2}$  of their income after taking into consideration their share-capital with the society and (c) members owning no lands but cultivating lands of others only be advanced loans on the security of their land-lord, given in the form of suretyship.

I have so far viewed the question of fresh finance from the point of view of assets only. There is also the other aspect of the question and that is of finance on the basis of repayments of past outstandings.

In this respect I believe I would be regarded reasonable if I request the conference to allow fresh finance to members who besides satisfying the aforesaid conditions have repaid at least full amount of interest on their outstanding and the part of the principal as is laid down by the Central Financing agency in view of the seasonal conditions of the year.

In the short time at my disposal, I have viewed the question on main points involved therein. I have not referred to the possibility or advisability of organisation of sale Union or non-credit societies and advance and realisation of loans through them, as such organisations are few in number and that too in very limited area of the Presidency, and wherever they are started they have yet to prove their capacity as efficient organisations to control the financial current between the societies and banks or non-members.

### Policy to be adopted in view of agricultural depression regarding recovery of overdues

#### II

(By Rai Bahadur Pritamdas H. S. Hon. Secretary, Sind Divisional Co-operative Institute and Managing Director, District Co-operative Bank, Hyderabad)

I have been requested to write a brief note on the above subject, but as the question of recovery of overdues is closely connected with fresh finance, I cannot refrain from alluding to the latter in dealing with overdues.

The unprecedented agricultural depression owing to slump in the prices of the produce has given a set-back to the co-operative credit movement throughout India, but this has been aggravated in Sind by the present slump being preceded by continuous poor crops, owing to deficiency of water, floods, locusts,

frost and other calamities. From 1927 onwards every year has diminished the staying power and repaying capacity of the agriculturist, as an average crop pays very little above the cost of production. The plight of zamindars is worse than that of peasants, as the latter's requirements are confined chiefly to the staple food grain, which they get from their share of produce in kind. The landlord must feed the peasant to work on his field, notwithstanding the fact that he is previously indebted to the landlord. Every year the agriculturist begins his operations with a hope of things turning out for the better, but he is sorely disappointed at the end. The zamindar has consumed most of his resources in the shape of ornaments and live stock to pay the land assessment, and has very little left to keep the wolf out. Pressure is being brought to bear on him by the Land Revenue Officer, the Inspectors and Supervisors of the Co-operative movement, and the village sowkar, every one of whom is keen on collecting his dues from his scanty means. This has resulted in general demoralisation, and the helpless agriculturist has to resort to every kind of subterfuge to evade payment and keep something for the maintenance of his family.

Under normal conditions prior to 1927, the District Bank transactions with the Societies were year by year on the increase. A Society repaying Rs. 4,000 out of its outstandings was advanced Rs. 5,000 in the ensuing year for expansion of its business and on the whole the Societies were generally progressive. Their repaying capacity having diminished the District Banks have to regulate grant of fresh loans in proportion to the recovery effected from each Society, and as a rule dole out just sufficient to meet the cost of cultivation. The banks have perforce to grant extensions from year to year to those societies which continue functioning fairly well. Fresh finance is further restricted by the fact that the valuation of land has gone down in sympathy with the prices of the produce, so that a society which in consideration of its landed assets was good enough for an advance of Rs. 10,000 in 1926 is hardly good for Rs. 5,000 at present. The District Bank which advanced fresh loans to the extent of four lakhs in a year before 1927 now advances about one lakh only, so that while the outstandings against societies stand at about the same figure as in 1926-27 most of the surplus funds of central banks are being invested in Government Securities because the Societies have already been financed fully to the extent of their borrowing capacity.

Stopping fresh finance would be disastrous both to the agriculturist and to the movement. The village sowkar is himself hard hit, and is not in a position to finance the agriculturist, beyond supplying him a few sundry articles on credit, and the Government is not in a position to advance Takavi loans on a large scale, so the agriculturist has to pull on the best way he can with a limited finance from the co-operative society. So long as the prices of produce and of the land do not improve, the central banks will finance the societies with due caution.

Before the advent of these depressed conditions, the agriculturists had generally sufficient margin to pay the Government dues, and there was conflict between the sowkar and the co-operative society for recovery of their respective dues, but the agriculturist somehow managed to satisfy both to some extent. Now that the margin of agricultural profits has dwindled almost to the vanishing point, the conflict is between the Government and the credit society. Under the law as it stands, the Land Revenue has the first claim on produce, although it is raised by means of co-operative finance. From a moral standpoint, the co-operative financing agency which helped in raising a crop should have an equal claim on the produce, as the Land Revenue, if not superior. Finance is as essential for raising a crop as the land and its irrigation, and it is high time that the legislature took steps to put the claim of co-operative

finance on a par with the land revenue. In some parts of Sind, an understanding has been arrived at with the revenue authorities, that societies shall out of the sale of their members' produce pay the Land Revenue of the individual members first, before crediting anything towards their loan accounts.

The Central Banks have under the circumstances been pursuing the following sympathetic policy with due regard to the safety of their funds.

1. A Society may be given a fresh loan up to the amount repaid by it during the past year, provided the assets of its members at their present valuation are not less than three times the Bank's outstandings against the Society, and it has paid up all the interest accrued up to 31st March last.
2. That if any new members have joined a Society resulting in the increase of its assets, a proportionately larger loan may be advanced to finance the new members.
3. Hitherto the credit societies advanced loans exceeding Rs. 500 on mortgage of landed property. It has now been decided by the Sind Banks Conference that Societies should get mortgage deeds executed by all the borrowers, and deposit the same with the central Banks.
4. In case the present value of mortgaged property is short of three times the amount of loan outstanding, additional personal surety must be provided, and the personal surety so accepted shall mortgage sufficient land to cover his own debt as well as his liability as surety.
5. A member declining to mortgage his land, shall be called upon to repay his outstandings, failing which, arbitration proceedings shall be taken forthwith.
6. In case of a Society which has either ceased to function, or has not sufficient assets to fully cover its liability, or whose assets have diminished owing to withdrawal of some substantial members, and which cannot be overhauled by admitting new members, liquidation proceedings should be taken forthwith to enforce unlimited liability against the members withdrawn.

In the case of recovery work two points are worthy of consideration. While making allowances for the helpless condition of agriculturists in general there are cases in which members although able to pay something, wilfully withhold payment because some other members cannot pay the Societies' dues. This widens the vicious circle. In such cases arbitration and coercive measures are necessary. The other point is about delay in liquidation work. In Sind this work is entrusted to the Departmental auditors and Sub-Auditors. As these officers are fully occupied with their other duties, the Registrar may be requested to appoint a special liquidation officer in each division. Delay in liquidation allows the withdrawn members to escape the unlimited liability, and the financing bank loses interest after a Society goes into liquidation.

It is not expected that under the policy laid down above, it will be possible to effect recovery of overdues so long as the present depression lasts, but the movement will be kept going on safely until normal conditions are restored. Even after return of normal conditions, it will take three or four years to recover all the overdues. In spite of the present slump, it is hoped that owing to the additional and more extensive crops which perennial supply of Barrage water will ensure, the economic condition of agriculturists in Sind will soon improve and justify our faith in co-operation.

**Arrangements for the Financing of Housing Societies by means of Debentures or otherwise in view of the stoppage of Govt. Loans**

(By Rao Bahadur S. S. Talmaki, Hon. Secretary, P. C. I.)

In my opinion, long-term investments like debentures are not popular among the investors in our country, unless a very high rate of interest is paid thereon. Co-operative Societies require capital at a very low rate of interest, say about 5 p. c. in the case of Co-partnership Societies and not more than 6 p. c. in the case of Individual Ownership Societies. At present, we find even well established companies paying about 7 to 8 p. c. on short-term debenture loans. I, therefore, think that the time is not ripe for floating a debenture loan on behalf of Housing Societies. The only agency which can finance them at a reasonable rate of interest is Government. Even Banks will charge a higher rate of interest than 6 p. c.

**Better Living Societies**

(By Rao Bahadur S. S. Talmaki, Hon. Secretary, P. C. I.)

I am of opinion that Better Living Societies on the basis of the model Bye-laws issued by the Registrar in his leaflet MM would be very useful in the uplift work of our rural areas. The objects as stated therein are the following :—

Its objects are to promote the economic interests of its members and more particularly

- (1) to reform bad customs prevalent amongst the members ;
- (2) to prevent the waste of money and inculcate habits of thrift ;
- (3) to improve the moral and spiritual condition of members ;
- (4) to provide educational assistance to the children of members ;
- (5) to promote other measures designed to encourage in the members the spirit and practice of thrift, mutual help and self-help ;
- (6) to improve sanitation, water supply and health of members.

Much useful work can be obtained by confining work to these Bye-laws. Such Societies can be worked without much cost and it should be possible to start them in a large number of villages. It would be the legitimate work of the District Branches of the Institute to start them. But it will be no use to organise them and then to leave them alone. Some officer of the Branch should pay frequent visits to such Societies and give them the necessary guidance. Lectures should also be organised, if possible, in the villages where they are started with the help of sympathetic educated gentlemen such as school teachers, agricultural organisers, doctors, officers of the Health Department and so on. Such a Society in course of time can be made a centre of village uplift work. I strongly recommend the District Branches of our Institute to take up this work in hand.

**A PRACTICAL SCHEME  
OF  
RURAL RECONSTRUCTION**

BY

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## A Practical Scheme of Rural Reconstruction.

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The expression 'Rural Reconstruction' is now heard on all sides. It has become a word to conjure with. Many who have given a little thought to the subject have vaguely connected rural reconstruction with 'Co-operation' and have regarded Co-operative societies to be one of the principal items in the programme of rural reconstruction. There is, however, a good deal of misconception in regard to the ultimate aims and correct methods of rural reconstruction. To many, the object of rural reconstruction is merely to bring about certain improvements in the agricultural and the industrial practices of the agriculturists. For this purpose, men technically trained in agriculture or suitable cottage industries, like weaving, calico-printing, dyeing, rope-making, basket-making, on the one hand and such subsidiary agricultural industries as dairying, poultry-keeping, sheep-breeding, bee-keeping, etc., are stationed in a particular locality and by propaganda and demonstration, these industries and the improved agricultural practices are taught to those farmers who may be induced to learn them for their own benefit. In the same way, Co-operative societies, or rather village banks, are established with a view to afford the members the credit facilities they may need. To such reformers a Co-operative society happens to be just one of the various means for bringing relief to the agricultural population. But those who think like this, appear, to my mind, to miss the transcendent value of co-operation as a means for rural reconstruction. It is yet to be fully realised that the ultimate and the only aim of co-operation is reconstruction of life in the village. Co-operation is the means and rural reconstruction the end. In this view of the problem the Co-operative society or rather co-operation is not to be regarded merely as an item



in a programme. Its chief value lies in supplying the principle of organisation and the method of work in carrying out the improvements necessary for bringing about the new order of life in the villages. The principle of co-operation is simple. It is common counsel and associated action—thinking together and working together—in other words brotherhood in thought and action. It embodies the democratic idea that all people have the right and duty to manage their own affairs and be jointly responsible for the same. It seeks to illustrate the truth that self-help and mutual help are two of the biggest forces in life. Lastly and this is its principal merit, in the observance of its principles, one cannot only rise to the maximum height of one's capacity as efficient workmen, but what is infinitely more important, find his highest intellectual and social satisfaction. In the light of these observations, it will be seen that the aims of rural reconstruction can never be satisfied merely with certain improvements being introduced among a number of persons, however striking and real such improvements might mean to the few individuals concerned. What is wanted is not that 10 per cent or 20 per cent or even 50 per cent of the ryots should be made economically self-sufficient by learning improved practices in agriculture or their handicrafts. The aim of rural reconstruction is to weld the villagers, now knit together loosely in the vague tie of a common latitude and longitude, into a real village community governed by a system of simple laws and regulations framed by themselves, for their own benefit. The aim may be more broadly stated. *It is to bring about a new social and economic order which will not only enable the community, as a whole, to reach the highest pitch of economic improvement, but will give the entire community a more satisfying social and intellectual life.* In other words, the first step in rural reconstruction is to make the villagers realise the truth that the various common disabilities from which they suffer can never be solved unless they learn to take counsel together and work for their own salvation and that in such fellowship of thought and work one

can find the truest happiness. Economic improvement is one of the items involved in social well-being, but it does not require much reflection to realise the fact that there can be very appreciable economic improvement without any appreciable increase in social happiness. This leads us on to the new conception of the co-operative movement. The Royal Agricultural Commission has said, "The modern conception of the co-operative movement differs markedly from that commonly held at the close of the last century, the term 'agricultural organisation' or better still, 'rural reconstruction' expresses more accurately the nature of the activities included within the movement. It is now accepted that co-operative principles can be used in overcoming most of the obstacles to progress in rural communities. Wherever agriculture is the predominant industry, co-operation is coming to be regarded as the natural basis for economic, social and educational development and India is no exception." According to this conception, as I understand it, a model Co-operative society will embrace in its activities the entire adult village population barring of course the undesirables, and endeavour to work out its own salvation by applying co-operative principles for the purpose of solving the various village problems—economic, moral and social with which they are faced. It will be a superior edition of the old village punchayet. The old village punchayet dealt with village disputes, it looked after the village roads and system of irrigation and water supply for domestic purposes. It regulated the social functions of the village. But life has become more complicated since those days. The modern village society must manage the village school, establish village banks, concern itself with the progressive requirements of modern agriculture and world competition, and arrange for more scientific sanitary measures to protect the public health of the village. Once an organisation with these objectives has been created, rural reform comes within practical politics. Without this foundation, rural reconstruction, in the proper sense, is to my mind, an impossibility. It will be my endeavour

in this short note to outline a practical scheme of rural reconstruction, with this back ground prominently placed before our minds. It will be helpful to indicate at first the main outlines and then to fill up the detailed work necessary to tackle different aspects of the problem.

### MAIN OUTLINES.

1. *Intensive Work.*—In order to make the experiment a success, it is necessary that work should be concentrated within a limited area. A group of villages in close proximity to each other should be selected for this work of intensive rural development. The general plan would be to organise a rural reconstruction or a village welfare society in each one of the villages in the group. Each society should aim in gradually enlisting, as members, the entire adult village population. It is not necessary however to wait till the entire body of villagers has joined. But from the start it is necessary that those who begin the work should have it clear in their mind, the plain truth, that without the co-operation of all or at least the majority of the population, rural reconstruction work will be greatly handicapped. It is necessary to emphasise the fundamental principle of the work, viz, self-help and not charity. From the start, the aim should be to call out all the forces of self-help and mutual help in the village that it is possible to do. The help given to them would be technical and educational in character. The object would be to organise the entire village community for self-help.

2. It is necessary to have a very clear idea of the improvements which are sought to be introduced. The various departments of Government concerned and such local bodies as the District Board or the Union Board should get together and draw up a five years' plan and embody in it all the various improvements which it is intended to introduce in order to bring about a social and economic reconstruction of the village.

3. The agency employed will be one or more whole-time

workers who must live on the spot. These workers will have to be specially trained to their job in the light of the programme chalked out. These workers should be assisted in their work by the village-Gurus of the primary school in the villages, assisted by a small band of volunteers organised for that purpose.

4. Where there is a M. E. School or a M. V. School the services of the Headmaster and the teachers of that school must be enlisted for this all-sided development. In fact the aim should be to make such a school a model community school or in other words a centre of the community life of the village. The activities of the school will not be confined to the pupils in that school but to the entire village community in the neighbourhood. The Headmaster and the teachers of the school would be there to educate in the true sense not only the boys of the school, but the entire adult population living in the vicinity of the school. The activities of the school will be intimately related to the life of the villagers—their problems and their aspirations.

5. *Social and Moral Development.*—No organisation in the village is likely to be permanent in its capacity to aid rural development unless it has a moral basis. There is a natural and innate tendency in the heart of Indian villagers to seek religious sanction even for their so-called secular life. In our Indian villages where people professing different religions have to live their life side by side, it is generally believed by the casual observer that this difference in religious persuasions presents an insuperable difficulty in the matter of uniting the people in a close bond. This, of course, is a superficial view of the matter. There are some eternal moral principles on which all religions are based. In building up a socio-economic organisation which will have not only the capacity but the permanence of a vigorous life of happiness and contentment, it is absolutely essential that the foundation should be built on some common principles which have a religious sanction. I use the word 'religious' of course in a

broad sense. A common religious principle which might be accepted by people professing the different religions as a worthy foundation of the new village organisation, is not difficult to discover. Truth is believed to be the central principle in all religion and its counterpart is beauty and love. Without aiming at the highest ideals it is not possible for any organisation to reach a standard of which it can be justly proud. The organisation which we are seeking to create must be based on the ideal of truth. Every member must be prepared to speak the truth at all cost and to deal fairly and justly with his neighbours. That must be the ideal of our village-organisation. I have spoken in scores of villages to the village folk on this subject and have always found that there are some at least who believe in the possibility of realising the ideal in practice. It is the faith of these men that must be conserved. The organiser who wishes to recreate life in the village must of course have the same faith. It would be his business to get together a band of villagers who would have the courage to take a pledge of truth in the presence of all, and honestly try to show, by their examples, that the practice of truth is not only possible but easy and natural to any one who will honestly try and that in this effort to raise the standard of the moral life of the village, they can co-operate and help each other. Though a few might take the pledge in the beginning, the rest of the village cannot but be in sympathy with the ideal accepted for the first time, as a desirable goal for the village. In this way a standard of moral rectitude would be created and it is on this standard consciously and deliberately adopted for the life of the village are that the foundation of rural development must ultimately rest.

6. *Women's Organisation.*—It is absolutely futile to expect any tangible result in the matter of rural reconstruction unless and until the women folk in the village have been organised. Their special sphere in rural reconstruction, viz., to make better homes will have to be explained to them and their aspiration

to fill a worthy part in the scheme aroused. Their co-operation is absolutely essential as mothers of the future generation and as "Lakshmi" the protector of all that is beautiful or good in the home.

7. *Amusements and Recreations.*—Any scheme of rural reconstruction would be incomplete without adequate arrangements for their introduction of amusements and recreations in the normal life of the village. Nothing can help more towards creating that spirit of unity and co-operation than these means of sociability. The young must learn to play games and the older men must have some means of healthy recreation. Both outdoor and indoor games must therefore be introduced and dramatic and musical clubs should be established which would serve the purpose of both cultural education and of recreation.

#### PROGRAMME.

What the actual programme will be will depend very much on the local circumstances and the needs of the rural community of that place. But in order to make the scheme intelligible to the average person aspiring to do something for village reconstruction, it might be helpful to draw up a definite programme even if there might be many items which would be unsuitable to the particular locality in which it is sought to be introduced. An attempt is therefore made to draw up the following programme which is intended to be suggestive.

(1) (a) *Education.*—Co-education must be introduced in all the primary schools and all possible steps taken to induce the village welfare societies to compel all boys and girls of school-going age to attend school regularly by framing rules making the parents liable to fine or other penalties for the failure of attendance on the part of children.

(b) A night school for adults should be started by the village Guru and where there is more than one teacher, by both the teachers. Every intelligent adult should be persuaded, if not compelled, to go to the night school. A small circulating library

suitable for villagers should be started and men and women encouraged to take out and read the books as soon as they are able to do so.

(c) The habit of keeping accounts and preparing family budgets should be encouraged till it becomes universal in each family.

(2) *Agricultural Improvements.*—(a) A small demonstration and experimental farm should be started to serve as a practical school for improved agriculture. New crops, better seed, manure or implements, new methods of cultivation will all be tested out in this little farm and the results discussed with the agriculturists. Ultimately the lessons of the farm will be utilised for the purpose of standardizing a cropping system most suitable for the village laying down a minimum area for each of the recommended crops.

(b) *Manure Pits.*—The system of digging proper manure pit for the conservation of manure should be made universal until every farmer has got a sufficient number of pits to take in everything of value into the pits. In this connection, the colossal wastage of cattle urine which takes place at present should be stopped. Arrangements should be made and the villagers taught so to improve their cattle sheds that the urine might be collected in small vessels kept for the purpose and emptied regularly into the manure pit. Similarly the kitchen offal should be cleared daily and thrown into the pit, as also all the sweepings of the house and the roads.

(3) *Selected Seed.*—The use of the best available selected seed should be made universal until every farmer has learnt to use the very best available seed for each kind of his crops.

(4) *Irrigation.*—Steps should be taken to see that every plot of land has got proper irrigation facilities. By effective propaganda in the society in most places it would be possible to arrange for adequate irrigation facilities for almost every bit of land. By joint and co-operative efforts, irrigation bundhas

and *katas*, as well as wells may be excavated in increasing numbers.

(5) *Sanitation and Public Health.*—The aim should be not only to make each of the villages free from common epidemics, e. g. malaria, small-pox, kalazar and cholera, but to ensure such conditions as would enable the villagers to have the very best health conditions consistent with their circumstances. The chief means would of course be the dissemination of knowledge as regards sanitary measures, the nature of water-borne diseases and the means for their prevention. A 'Public Health Brigade' should be organised in each village in which a band of youngmen would be enlisted for not only carrying out intensive propaganda, but for doing definite works in pursuance of a programme, e. g. systematic kerosinising of tanks, clearing them of water hyacinth and other weeds, clearing of all unnecessary jungles, filling up insanitary ditches, getting and helping the villagers to work co-operatively for the excavation of a tank or a well for drinking water, the systematic taking of quinine by those suffering from malaria and spreading the habit of using mosquito nets. The villagers would be encouraged into the habit of the regular sweeping and watering of the village roads and throwing of the sweepings into the manure pits, each one being responsible for the portion in front and at the back of his house. One or more days of the week should be fixed up for a general clearing up of village sites.

(b) There should be a rule requiring every person to be vaccinated against small-pox.

(c) At the time of an outbreak of cholera, the Public Health Brigade will disinfect the wells reserved for drinking water and take adequate measures to prevent its contamination by those living in infected houses. There would be usually a 'common benefit fund' which would be drawn upon for the purpose of obtaining the services of a doctor at such a time.

6. *Thrift and Stoppage of waste.*—(a) The society must



have a rule for the compulsory arbitration of disputes that arise in the village. No one shall be allowed to go to court except of course where, under the law, he is compelled to do so.

(b) The habit of saving and putting by must be made universal. The society should have a rule requiring every member to set aside a certain proportion of his income at harvest time to a provident fund for his own benefit. This fund can be augmented at all times of the year when special and unexpected incomes are made. The more thrifty can augment it by a daily saving of grain from the daily ration.

(c) The habit of investing an excessive amount in jewellery and ornaments should be discouraged and instead, the banking habit encouraged by all possible means.

(d) *Intoxicating Drugs and Drink habits.*—There should be an intensive and persistent propaganda in regard to the havoc that such habits create both in the economic and social sense. Public opinion must be aroused until it can exercise sufficient pressure to stop these habits.

7. *Industries.*—The profitable employment of the extensive leisure which agriculturists at present are forced to enjoy is a matter of supreme importance in any scheme of rural reconstruction. There is no doubt that the extension of intensive agriculture will do more to absorb the potential labour than the organisation of new industries can ever expect to do. Even the landless labourers will probably find most of the employment they are likely to need when there is a wide tension of intensive agriculture. But as there are various practical difficulties in many places for such extension, e. g. want of adequate irrigational facilities, want of credit facilities, the absence of any adequate arrangements for demonstration and propaganda of improved practices in agriculture, there would always be, for some time to come, very extensive scope for the introduction of suitable cottage industries. It is important however to emphasise the principle that such industries should always

be based on two essential conditions, namely that there is an abundant supply of raw materials available locally and that the demand for the finished products of the particular industry already exists or can be created without much difficulty. The following tentative programme in this line is however worth considering :—

- (a) *Handloom.*—The handloom industry may well be extended to all joint families which have more than three or four adult males. One of these can always be taught to weave. If necessary one of the women in the family may also learn how to weave and take a hand whenever there is an opportunity. It is quite reasonable to expect that these two would be able to supply the cloth requirements of the family by employing their spare time for this work.
- (b) *Improved poultry rearing.*—This industry has a bright future for all who have not any caste prejudice against it. Poultry rearing should be an important item in the programme of rural reconstruction in villages where there are outcastes who have no lands or Muhammadans who keep fowls. The centre would maintain a stock of parent birds of improved breed and their eggs could be distributed among the people for the rearing of chicks. So long as the demand for parent birds continue, the centre would try and market the cockerels and pullets at six months' old. When the demand for the parent birds is exhausted, eggs would have to be marketed instead. It is estimated that a flock of 10 to 15 hens is capable of giving a net annual income of about Rs. 50 to any person willing to look after them carefully and feed them adequately.

- (c) *Bee-keeping.*—This is an industry which is capable of wide extension. As there is no caste prejudice against this industry and it is exceedingly simple to learn, there is no reason why every family should not have half a dozen artificial bee-hives in boxes, giving them an annual income of Rs. 20 to Rs. 25 a year from honey.
- (d) *Tanning.*—Raw hides are exported in large quantities from villages. Low caste Hindus and Mohammadans have no prejudice against this industry. It is not possible to teach the people up-to-date tanning, but if the hides are half tanned in the villages they could get a much better price for hides. This industry is easy to teach and costs very little capital. It is capable of wide extension.
- (e) *Rope-making.*—In place where fibres are locally grown, e. g. jute, alloe and cocoanut fibre, there are great possibilities for the introduction of rope-making and mat-making industries.
- (f) *Cane-work.*—This is a caste occupation among various sections of the people and with very little trouble the industry can be put on more stable basis by stimulating demand and finding new use for such work.

8. *Cattle Improvement.*—(a) The importance of adequate measures for protecting the health of the cattle cannot be exaggerated. Thousands of heads of cattle are destroyed every year by cattle epidemics. The aim should be to have every valuable head of cattle inoculated against rinderpest by the serum simultaneous process. If all the good cattle in the village are inoculated and the villagers have a demonstration of its efficacy, other villages are bound to copy, provided sufficient propaganda is conducted in the meantime.

(b) There should be arrangements made for prompt information to the Veterinary Department regarding every outbreak of epidemic.

(c) The adequate feeding of cattle must be made an important plank in the programme of rural reconstruction. Intensive and persistent propaganda is necessary to bring home to the cultivators the enormous loss in cattle wealth that is brought about by insufficient care and feeding. Continual discussions how to improve the cattle and the increase in their economic wealth which can be brought about by this means should be carried on systematically until they have got an universal rule of setting apart a definite proportion of the lands for raising fodder crops. Wherever there are good pasture lands available, the rearing of good cattle should be one of the main pre-occupations of the farmer, since it is found by experience all over the world, that where pasture lands are available, cattle farming is far more profitable than grain raising. Villagers should be persuaded to maintain selected breeding bulls for improving the local strain.

9. *Horticulture.*—Horticulture has been neglected very much in the past. In the ordinary economy of the agricultural farmers' life in India, I have no doubt horticulture should play an important part. There is absolutely no reason why every cultivator should not have a few choice fruit trees as a source of ordinary income. One dozen good fruit trees would yield an income of at least Rs. 50.

*Training of workers.*—In order to work out a practical scheme one of the most important things to be arranged for is the adequate training of workers. It is for the co-ordinating agency interested in such a scheme of all round development to devise a suitable method of training for the workers which are to be employed for rural reconstruction. The agencies, I have in view, are the whole time worker or workers at the centre, the Gurus employed in different villages comprised in

the group and a certain number of enterprising cultivators themselves who would require to be initiated and trained in the work necessary to give effect to the programme. All these people must of course have an adequate training in various degrees in each of the distinctive lines of development involved in the plan. In order to devise a practicable scheme of training one must take into consideration the existing state of affairs. An attempt is made to outline a scheme and it is desirable that this should be discussed by all interested in rural reconstruction.

### THE TRAINING SCHEME.

(a) The nearest Government agricultural farm should be reorganised in such a way as to enable training to be given precisely in those improved practices which the plan has accepted as being capable of introduction. If, for example, it has been decided that for the particular area the agricultural programme will include the introduction of sugarcane, ground-nut, onion, potato, winter vegetables, elephant and guinea grass, planting of fruit trees, poultry, bee-keeping and cattle improvement, then it is obvious that the agricultural farm will have to make arrangements for imparting adequate practical training to our workers on each of these improved practices. The rural reconstruction centre will then select 20 or 25 young men from the locality to get practical training in the farm, in all these different items of improvement. The whole-time worker will also have to be trained at the same time and he will act as a kind of supervisor over the men. In this way he would learn both the practical side of the operations involved in the improved practice and the manner in which he should carry on his supervision over the cultivators' work. This training should be extended for as long a period as necessary. Probably a whole year will be found necessary. There should be ample opportunities during the year to introduce the other items in the programme concerned with other departments, e. g., Public Health, Co-operation and Veterinary.

(b) *Guru Training School.*—As the Gurus in our schools will have to be the principal agency of our work, it is necessary that they should have an adequate training in regard to this improvement programme. It is essential therefore that the nearest Guru Training School available should work in close co-operation with our practical training institute. The Gurus will not only receive theoretical lectures in each of the items, but arrangements would have to be made for their practical handling of the work involved. They should certainly be trained how to disinfect wells against cholera, the importance of vaccination against small-pox, the injury to health brought on by intoxicating drink and drug habits, the practical importance of ordinary cottage industries as spare time occupation. A practical course in such industries as bee-keeping, eri-rearing, the proper keeping of cows and where possible even poultry rearing should be given to the Gurus for introduction in the schools as a means of instruction by manual labour. The Gurus should be well trained in growing flowers and vegetables and there should invariably be a good kitchen garden attached to every primary school. The rapid method suitable for teaching adults the three R's should also be taught in the training school and co-operation should be an important subject. How far it is possible to reorganise the existing Guru Training Schools on these lines, it is for the Education Department to indicate. It is obvious that the question of funds is involved. But if it is once recognised that this form of training will make the Gurus far more serviceable in the matter of educating the rural folk and their children and that no other agency is likely to be available to the country for some time for the kind of service contemplated in this plan, the question of funds will ultimately have to be solved. For the present, I think, it can easily be solved by extending the course from one year to two years and instead of admitting a certain number of men every year, take in half the number and give them the two years course. This would mean very little addition to the cost as training in the other items in the

programme can be arranged by the deputation of departmental officers for the purpose for the period considered necessary in each case.

### RURAL WELFARE TRAINING CLASS.

A short intensive course should also be organised lasting for a month which intelligent and enterprising villagers would be asked to join. The Gurus in the neighbouring schools must also attend this class. The syllabus for such a training class is given at the end.

### ACTIVITIES AT THE CENTRE.

At the headquarters of the rural reconstruction centre activities will have to be concentrated which are not within the capacity of each single villager.

(a) *Welfare Committee.*—From the start there should be a welfare committee organised in which two or three of the most enterprising men in each of the villages in that group would be nominated. This committee will act as an advisory council and collaborator with the whole time worker, who will otherwise find his work greatly handicapped. The men on this committee will be those who by reason of their character and reputation have sufficient influence in the locality to introduce any particular line of improvement in any particular village. It is also through these men that most of the initial propaganda will have to be done. It is most necessary that from the start, the villagers should be made familiar with the entire programme and with the whole picture held up before them their minds should be made to revolve round each practicable item of improvement. The worker will find it easier in this way to introduce any part of his programme which a particular village may be found to be ripe for.

(b) *Seed and Manure Distribution.*—An important function of the centre would be to make arrangements for the

distribution of improved seed and manure and implements. This will include the distribution of seedlings for winter vegetables and good grafts of fruit trees. With the assistance of the Agricultural Department, it would not be difficult to raise seedlings locally for distribution as also to prepare such plants of fruit trees which may be grown from seed, e. g. guavas, papayas, and the like. Good grafts of mangoes, oranges, etc., will probably have to be raised in the agricultural farm and distributed through the centre. Such manures as oil cakes and seed for green manure and chemical fertilisers will be stocked by the centre and distributed to the cultivators all round.

(c) *Marketing*.—This is a very important aspect of rural reconstruction work. When the cultivators are taught to raise special crops, such as ground-nut, *gur*, tobacco, eggs, honey, it is necessary to make arrangements for marketing their produce. One of the most important work of the centre would be to arrange for this marketing.

(d) *Cattle Improvement*.—The centre will have to maintain stud bulls for serving good cows in the locality as also probably merinos and stud goats for improving the local breed of sheep and goats. The centre will certainly have general improved breeds of poultry for the free distribution of eggs for rearing.

(e) *Agricultural Show*.—One of the important methods of propaganda will be of getting up an annual agricultural and cattle show for the exhibition of all improved agricultural products and the best cattle in the locality. Gradually a flower section and an industrial section will have to be added as these activities increase among the cultivators.

(f) *Medical Aid*.—The centre will endeavour to provide a trained doctor and one or more midwives for the group of villages. If ten villages combine, it will not be difficult for them to maintain a trained doctor both for the purpose of rendering them medical assistance as well as for supervising



and training the public health brigades in preventive measures against epidemics. So far as trained *dais* (midwives) are concerned, it will be enough if the centre merely makes arrangements for the training of a certain number. They will be able to earn enough income for themselves after they are trained.

(g) *Community School*.—It should be the aim of the centre to organise a community school as soon as practicable or re-organising the existing Middle English School for this purpose. It has been already pointed out that such school should become the centre of the community life of the village. The headmaster and teachers would have to be trained to educate in a broad sense the entire village population. The school would naturally have a circulating library where suitable books will be maintained. Once a month or as often as it may be necessary there would be a mass meeting and lectures should be given with the aid of magic lanterns on important subjects affecting the life of the villagers. These lectures would be one of the principal means of propaganda for working out the programme. The school will have an agricultural farm of about three acres attached to it and improved agricultural practices will be carried on in the farm by voluntary labour from different villages. The farm will serve the purpose of a practical school of improved agriculture. The improved methods and the actual results in the farm will be made the subject of practical discussions among the villagers and a scientific knowledge will thus be spread in the neighbourhood in regard to these matters. There will also be an industrial section in the school where a few cottage industries would be taught to the boys as a means of instruction in manual labour. Adults from the neighbourhood will be encouraged to come and work these cottage industries more or less on a self-supporting basis. The school will aim in having a boy scout troop in each of the village. It will organise inter village sports and generally speaking endeavour to raise the level of general knowledge and culture far above the existing standard. The teachers of the school will have to turn the school to a sort

of laboratory for discovering ways and means—mental and otherwise—of making rural reconstruction a living force in the neighbourhood. They will have to tour in the villages, deliver lectures to the adult population, organise welfare societies, in the villages and teach them the real meaning of co-operation as practically expressed in common counsel and associated action. The villagers will be taught to come to the school for any useful information they desire and for the solution of any local problem.

(h) *Women's Organisation.*—I have tried to emphasise the need for women's education and their organisation in this programme of rural reconstruction. This will naturally, in the existing circumstances, present the greatest difficulty but it is nevertheless necessary to have a modest programme in our scheme to further our aim. An attempt is made to outline a modest beginning.

(i) Whenever there is one more sufficiently educated women in the village, an effort should be made to induce one of these to hold a special class, conveniently timed, to teach the three R's to other women anxious to learn.

(ii) Where there is a girls' school, the teacher should be required to hold separate classes for adult women to teach the three R's.

(iii) Where the services of a woman is available, a women's organisation should be established which would aim at their meeting together and discussing matters affecting the improvement of their home life. The headquarter staff can always arrange for educated ladies from the town to visit these villages and address mass meetings of women and help the local enterprising women to form themselves into an organisation for definite purposes. Such industries as sewing, knitting, and embroidery work should be taught and cultural activities such as painting, drawing, flower raising and home decorations may suitably find a place.

## COST AND HOW TO MEET IT.

I have described the scheme to be practical. It is necessary therefore to indicate the cost involved and how it may be met. The cost involved is as follows:—

	Rs.
Salary of whole-time worker including pay of 75.	
75 × 12 ... ..	900
Increased allowance given to 10 Gurus for night school and general help at Rs. 3 per Guru	
3 × 10 × 12 ... ..	360
Trained lady teacher in U. P. Girls' School at headquarter of the centre at Rs. 15 per month	
15 × 12 ... ..	180
Contingencies ... ..	60
Total ... ..	1,500

With the exception of a few banks, all central banks in Orissa can spend Rs. 1,500 for this promising experiment in rural reconstruction. By so doing they will be able to revive the faith in the wonderful possibilities of real co-operation. The good example in the ten villages and the experience gained will enable the directors to put new life in the existing anaemic societies. The cost is moderate in view of the tremendous importance of the experiment.

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