

DOCUMENTATION

The purpose of this section is to make available to the readers official documents such as reports of committees, commissions, working groups, task forces, etc., appointed by various ministries, departments, agencies of central and state governments and international organisations, which are not readily accessible either because they are old, or because of the usual problems of acquiring governmental publications, or because they were printed but not published, or because they were not printed and remained in mimeographed form. We also present in this section, official documents compiled from scattered electronic and/or other sources for ready reference of the readers. It will be difficult and probably not worthwhile to publish the documents entirely. We shall publish only such parts of them as we think will interest our readers. The readers are requested to send their suggestions regarding official documents or parts thereof for inclusion in this section.

We are also keen to publish Papers, Notes or Comments based on the material included in this section. We invite the readers to contribute the same to our journal, which we shall consider for publication in subsequent issues of the journal, after the usual refereeing process.

In the present section, we publish:

1. Editor's Note on the Documentation on the Deccan Riots Commission
2. East India (Deccan Riots Commission), Report of the Commission Appointed in India (The Causes of the Riots which took place in the year 1875, in the Poona and Ahmednagar Districts of the Bombay Presidency.)
3. Indo-Sri Lanka Free Trade Agreement, Free Trade Agreement between the Republic of India and the Democratic Socialist Republic of Sri Lanka.

EDITOR'S NOTE ON THE DOCUMENTATION ON THE DECCAN RIOTS COMMISSION

It is a pleasure to be able to include with this issue the text of the report of the East India (Deccan Riots Commission) being the report of the Commission appointed in India to inquire into the causes of the riots which took place in the year 1875 in a number of villages in the Poona and Ahmednagar districts of the Bombay Presidency. This is one of the rare reports which attempts to analyse meticulously the various factors responsible for accumulation of heavy indebtedness among the farmers in the above two districts of the Deccan which led to widespread riots by the farmers against the Marwari money lenders in the two districts. The riots were largely in the nature of the farmers forcibly seizing the bonds and decrees from the money lenders and destroying them, greater violence was resorted to where there was resistance from the money lenders to this.

The report reflects in great detail the conditions of the farmers in these districts, village by village.

At the outset, the Report highlights the physical geography and soil conditions, rainfall, population densities, draught cattle population, average yields of jowari and bajri and its monetary values in soils of different types and land revenue per culturable acre in the villages in riot-affected districts, compares the conditions of these districts with conditions which prevailed in these districts at the time of the downfall of Mahratta power, in the early and recent periods of the British rule and with contemporary Guzerat, where agricultural conditions were far better.

The Report then analyses the causes leading to accumulation of debts among the peasants in Deccan, the extent of the peasants' indebtedness, the causes of hostility between the peasants and the money lenders, the immediate causes of the riots and discusses the recommended remedies.

Among the causes leading to accumulation of the farmers' debts the Report considers the very low standard of productiveness with concentration of cultivation on only two crops, namely, jowari and bajri and facing capricious weather with one good year in three years and consequently a large poor population of the region as naturally an important reason for heavy indebtedness. Contradicting the general perception about improvidence being a major cause of indebtedness, the Report says: "The constantly recurring small items of debt for food and other necessities, for seed, for bullocks, for the Government assessment, do more to swell the indebtedness of a ryot than an occasional marriage." The chief cause of the existing level of the indebtedness of the ryot is identified to be ancestral debt. Another major cause adding to the burden of farmers' debts was the Law of Limitation, 1859, which limited the period of limitation of bonds to three years but had the perverse effect of re-issuing of bonds of higher value to include compound interest, often at usurious rates, after each two years. Heavy demands of fixed land revenue even in bad seasons often forced the farmers to borrow heavily from the money lender. Finally, as a consequence of the boom caused by the American Civil War from 1862 to 1865, "Through the immense stimulus given to the production of cotton and cheapness of money, agricultural produce and land attained an extravagant value, and the ryot's powers as a borrower were those of a capitalist rather than a labourer" and swelled the debts, only to become onerous burdens in later years when after the end of the American Civil War, prices collapsed. In the years which followed, the ryots' economic condition severely worsened due to failure of crops in 1871, reduced availability of supplementary work and lowering of wages due to completion of railway construction work after 1871 and a steep slowing down of expenditure on irrigation and public works, and substantially enhanced assessment for land revenue after the revision of the rates in the revised settlements during the period from 1869 to 1872. The Report

presents data on the value of sales of, and mortgage claims on, farmers' lands in the riot affected Talukas during these years preceding the year of riots. These are indicative of the extent of indebtedness of the farmers.

Soon after the advent of the East India company rule in the Deccan, the first regular procedure for civil justice was introduced in 1827. It provided for exemption from seizure of the cattle and agricultural implements and for limitation of the rate of interest recoverable in a Civil Court to 12 per cent per annum. The ceiling on the rate of interest did not provide any relief to the borrowers as the lenders kept the effective rates of interest on debts, which were mostly on personal security, anywhere between 25 to 60 per cent, by deducting the interest in advance or by compounding the interest every time (say, once every two years after the Law of Limitation was passed) when the bond was renewed. The lenders, on the other hand, got the advantage of speedy realization of loans by approaching the courts. In 1859, the Civil Procedure Code and the Statute of Limitations were enacted. After that, the Court process, threats of imprisonment, decrees for attachment of the peasant's property (even future property), frequent renewal of bonds, not to mention fraudulent accounts, lack of proper issuance of receipts for repayment, *ex parte* and uncontested court cases and the out of court settlements came to be extensively used by the money lenders to achieve large-scale transfer of ownership of lands and issuance of labour bonds. The report provides great detail about how the various provisions of Acts and court procedures were misused.

The report discusses remedies for mitigating the causes which lead to accumulation of indebtedness among peasants and to mitigate the consequences of the indebtedness. Expansion of irrigation to improve the productivity of agriculture and reduce farmers' poverty and spread of education to remove their ignorance are obvious remedies necessary for mitigating

farmers' debts and increase in them. The Commission recognizes that introducing a system of adjusting revenue assessment to the quantity and timeliness of rainfall in these drought-stricken districts would reduce the ryots' embarrassment without being open to the objection of uncertainty, but also emphasises that any time the assessment has to be enhanced by more than 25 per cent, the increase must be imposed gradually. This is a principle of wider applicability. The Commission carefully analyses the defects in the existing laws and gives two Draft Bills, one for prevention of frauds and the other for addressing the hardships incurred by the debtor through the excessive powers given to the decree holder. The former provides for appointment of public notaries, whose duty it will be to write and register bonds and other instruments and to penalize writing of instruments by unlicensed persons. It also provided for enforcing of delivery of receipts and accounts and introduction of passbooks with writing of debtor's accounts in them and penalty and magistrate's jurisdiction to the withholding of receipt for any payment and to the withholding of accounts and passbooks. The second Draft Bill recommended sought to relieve the debtors of the excessive powers of the then existing law for recovery of debt. It included abolition of the provision of imprisonment for debt, exemption of necessities like small residential quarters from sale for recovery of debt, provisions avoiding sale of all movable property and all unnecessary sale of immovable property by substituting such sales by sales of claims on profits from the land for future twenty years and if such profits are inadequate to meet the creditor's claims then to secure for the debtor the full value of such immovable property as may be necessary to be sold, provisions for avoiding the pressure of court process to be abused for extorting excessive amounts from the debtors, provisions to make decrees, once issued, to bring about full and final settlement of debt and not to be misused as a basis for creation of new bonds and new decrees, and provisions to prevent decrees from becoming a claim against

property acquired after wards. The discussion gives a clear idea of the careful thought which was given to amend the law to rid it of the oppressive powers given for debt recovery without making the debt recovery process ineffective.

The report contains a detailed discussion as to whether the revision of land revenue assessment imposed rigid and undue burden on the farmer resulting in swelling their debts and causing embarrassment to them which ultimately culminated in the outbreak of riots. To make this evaluation objectively and comprehensively, the report examines in great detail all available information and statistics about changes over time in the land under cultivation and uncultivated land, amounts of collections of land revenue, remissions in land revenue which had to be given from time to time in bad seasons, the beneficial effects on the cultivators' fortunes of the rising prices of agricultural produce and the adverse effects of falling prices of this produce, the improvements in agricultural production and marketing conditions due to expansion of irrigation, road and railway network, changing fortunes of farmers in different talukas as the changing road and railway network influenced their relative position in regard to access to markets, effects of increase in population and the possible effects of heavy assessment and oppressive laws on emigration of population from the British Dominion to the Princely states and *vice versa*. The report develops a detailed nine-fold classification of soils to form a systematic basis for revised assessment of land revenue so as to correct the relatively heavier burden of assessment on the poorer soil classes in the earlier settlement.

To evaluate the changing burden of assessment over time due to changing assessment rates and the level of prices, the report presents a table by way of illustration, giving the percentage which the mean assessment rate per acre shows to the

value of produce per acre. The mean rate of realization of land revenue were about two thirds of the assessment rates, but "during this period the people paid large sums, in addition to revenue realizations, as direct "haks" and in all sorts of illicit exactions". The calculations have been made on the basis of an assumed average yield of 5 maunds of jowari per acre. By comparison, the average yields of jowari per acre in the region (reported elsewhere in the report) for poor soil is 1 maund per acre, that for middling soil 3 maunds per acre and that for good soil 7 maunds per acre. So, the burden of assessment would be so much the greater for land with poorer soils. The percentage of mean rate of assessment per acre to the value of produce per acre was extremely high at over 22 per cent per year during 1830-1836 when the price of jowari in Indapur Taluka was very low at 43 seers to a Rupee.¹ With the lowering of the mean assessment rate to about half the earlier level with the first Survey Settlement in 1836 and the further effective lowering of it somewhat in 1857-1860 owing to the cultivation of un-assessed land, the percentage burden of assessment went down to the lowest level of just over 4 per cent during the years of American Civil War when the price of jowari in Indapur Taluka was as high as only 18 seers to a Rupee. "The result was an enormous extension of cultivation, the cultivated area increasing in these eight talukas alone by more than 700,000 acres during the term of the settlement from less than 1,094,000 acres to 1,805,000. And an actual and very considerable increase of revenue also resulted, realizations at the end of the term of the original settlement [1866] being Rs. 7, 70,000 against about (I have not the exact figures) Rs. 6, 50,000 during the third period I have taken [1830-36]." With the revision of assessment rates after 1866, when the prices continued to remain equally elevated, the percentage burden of assessment increased to a little over 6 per cent.

1. Seer and maund are old Indian weights, one seer equals 0.93310 kg and one maund equals 40 seers or 37.324 kg.

But with the collapse of the price of jowari in 1874 to 50 seers per Rupee and with the continuation of the revised rates of assessment, the same percentage rose to the very high level of 18.4 per cent, nearly equaling the level during 1830-36 "when assessments were notoriously oppressively heavy, and the country in a most depressed state".

As one would see, all this discussion has made the report a source of rich information about the changing economic conditions of the countryside over the seven decades from the advent of the East India company rule to the year of the report. The value of the report as a documentary on the economic history of the period can hardly be over-stated. In addition, in this context, the report reflects the economic thinking of the time about Ricardian theory of rent and its application to land revenue assessment as well as about the role of international trade, home charges and specie flow in governing prices of agricultural produce within the framework of the Quantity Theory of Money. These undoubtedly make quite a fascinating reading.

Above all, however, one is greatly impressed by the deep concern for the requirements of efficient and fair administration not only of the members of the Commission but also of officials from the British administration across the whole spectrum, whose reports and submissions are quoted and examined throughout the report. The report also reflects the rich data base and the system for collecting, maintaining and reporting the same which the British administration sought to develop throughout India's countryside for the purpose. Indeed, the report refers to voluminous appendices containing these submissions and statistics, which are not included in the report as also in the present Documentation.

We have put together a print copy of this report with considerable effort. It is hoped that the readers will find it of value. It is also hoped that the documentation of the report in this volume of the journal will evoke comments from the scholars both from the point of view of economic history as also possibly from the point of view of the current rural economic scene and the current state of rural data system.

EAST INDIA (DECCAN RIOTS COMMISSION).
C O P Y
OF THE
REPORT OF THE COMMISSION APPOINTED IN INDIA

TO INQUIRE INTO

The Causes of the Riots which took place in the Year 1875, in the Poona and Ahmednagar
Districts of the Bombay Presidency.

Presented to both Houses of Parliament by Command of Her Majesty

LONDON:

PRINTED BY GEORGE EDWARD EYRE AND WILLIAM SPOTTISWOODE, PRINTERS TO
THE QUEEN'S MOST EXCELLENT MAJESTY FOR HER MAJESTY'S STATIONERY

OFFICE

1878

To the Acting Chief Secretary to Government, Bombay

Sir,

We have the honour to submit our Report on the subject of the Riots in the Poona and Ahmednagar Districts; and the causes underlying the outbreak

2. The Commission as a first constituted, consisted of Messrs Richey and Lyon, Bombay C.S.; Mr. A. Colvin, Bengal C. S.; and Rao Bahadur Shumbooprasad Luxmeelal. In the month of November, Mr. Carpenter, Bengal C. S., was deputed by the Government of India in the place of Mr. A. Colvin, whose services were required in the North-west Provinces.

3. We have personally held inquiry in the disturbed districts, and recorded the statements of ryots and sowkars, and compiled the evidence obtained on the spot, showing the nature of the relations of the money-lending and agricultural classes. We have also examined the records of the Revenue, Judicial, Registration, and Police Departments throwing light on the economic condition of the agricultural class and, their relation to the money-lending classes, and the consequences of that relation. We have collected and, read-

1st - Previously recorded reports, minutes, letters, & c by authorities, and officials who have discussed the subject of the indebtedness of the agricultural and land holding classes in India, and suggested remedies for the alleged mischief arising from this indebtedness.

2nd - The legal and judicial record showing how the relations of the agricultural debtor and his creditor have been affected by the law, the procedure and the practice of the Courts of Justice, discussions and debates on the enactments and provisions of the law dealing with those relations.

We have consulted officers of local experience on the points which came before us in our inquiry, and have been favoured by Judicial Officers with opinions on questions referred to them.

4. We desire to record our strong sense of the value of Mr A. Colvin's services in the work of the Commission during the two months in which he sat as a member. We have received his permission to submit to Government a memorandum written by him before his departure, many of the conclusions in which coincide with those submitted in our Report.

5. We desire also to record our acknowledgments of the valuable assistance received from the many officers from whom we have sought information and help.

6. On the question to which our attention was called by the Government of India, viz., the connection of the revision of assessment with the riots, the concurrent opinion of the Commission is shown in the report. Two members are of opinion that the enhanced settlement was more directly connected with the outbreak than is indicated in the conclusions recorded in the Report. On this subject, therefore, separate notes and accompaniments are submitted.

7. Mr. Shumbooprasad Luxmeelal also desires to submit a separate note on some points regarding which the conclusions in the Report do not go so far as he would wish.

We have the honour to be
Sir,
Your obedient Servants
J.B. RICHEY,
A. LYON,
SHUMBOOPRASAD LUXMEELAL.

P.S. - The undersigned is able to record the full concurrence in the report of Mr, Carpenter, whose sudden and lamented death has prevented his name from appearing among the signatures of the Commission.

J. B. RICHEY.

CONTENTS.
REPORT OF THE COMMISSION.

CHAPTER I - THE RIOTS.	179
Premonitory disturbances	179
The outbreak	180
The extent of the riots	181
Instances of similar disturbances	183
 CHAPTER II THE DISTRICT IN WHICH THE RIOTS TOOK PLACE.	 184
Physical character	184
Climate	186
Population	187
Cattle	187
Comparison with Guzerat	188
Produce	188
Former Condition of the Country	189
Condition in early period of British Rule	190
Condition in recent period of British rule	191
 CHAPTER III THE RELATIONS OF SOWKAR AND RIOT, AND THE CAUSES OF DEBT.	 192
The Debtor and Creditor Classes. The Kunbi Ryot. The Marwari money-lender	192
Historical review of indebtedness	194
Relations of Sowkar and Ryot	195
First period of British rule	195
Second period under regulation	195
Extracts from Record of 1843	196
Evidence of the Records from 1850 to 1858	197
Repeal of limitation of interest, 1855	199
Acquisition of land by Sowkars	199
Procedure before 1859 more favourable to debtors	200
Increase of suits for debt following on the survey	200
The Ryots prosperous in and about 1860	201
The Procedure and Limitation Acts of 1859	202
Causes of debt	202
Poverty. Small average value of holdings. Rainfall uncertain. Value of produce variable	202
Improvvidences	202
Inherited debt	203
Stimulus to borrowing given by survey settlement contemporary with stimulus to lending given by increased facilities for recovery	203
Increase of population	203
Produce of land not alone sufficient for the Kunbi's needs	204
Industry and enterprises being discouraged by pressure of debt, production is not increased	205
Productiveness said to be diminishing	205
Emigration as a result of increased population	205
Conclusion as to the increase of population	206
Increase of money lenders and money lending business	207
Increase in inferior kind of money lending business	207
The limitation law	208
The revenue system	209
Effect of the American War	209
Summary of causes of debt	210

The period preceding the riots	211
Relations of sowkar and ryot in the years 1967-75	211
Contraction of credit, illustrated by registration returns	212
The civil courts returns	215
The revenue returns	215
Decrease in cultivation	215
CHAPTER IV - THE EXTENT AND NATURE OF THE INDEBTEDNESS OF THE RYOTS.	215
Extent of indebtedness	216
Analyses of embarrassments in 12 villages	216
The real value of a ryot's occupancy	217
The nature of the dealings	217
Sowkars' accounts	218
Mortgages of land	218
Joint security	219
Other mortgages	219
Transfer of occupancy	219
Mortgage tenants	219
Installment bonds	220
Labour bonds	220
Stipulation regarding receipts in bonds	220
All dealings reduced to bonds	220
CHAPTER V - THE CAUSES OF HOSTILITY BETWEEN THE RYOT AND THE SOWKAR.	220
I. Usury	221
(a) Are the rates of interest usurious?	221
(b) Is it possible to regulate the rate of interest by law?	224
(c) Other means of reducing the rates of interest	225
II. Ex-parte decrees	226
(a) Are such decrees unusually numerous?	226
(b) Fraud as a cause of ex-parte decrees	227
(c) Other causes of ex-parte decrees	228
III. Excessive power of realising debts	230
(a) What powers are given to the creditor by the law?	230
Imprisonment	230
Liability of property	231
(b) Are the powers excessive?	231
1. Imprisonment	232
2. Sale of existing property	233
3. Sales of future property	237
(c) Are the powers abused?	238
IV. - Loss of land by private sales	240
V. - The limitation law	240
VI. Frauds	243
(a) Alleged practices	243
(b) Is prevention possible?	244
VII - Action of the civil courts	246
CHAPTER VI. THE IMMEDIATE OCCASION OF THE RIOTS.	246
Refusal of the sowkars to pay the revenues	247
Enhancement of Government demand	248
Influence of persons of position	249
Encouragement from a band of outlaws	249
Popular belief in Government sympathy with the Ryots grievances	249

CHAPTER VII. - REMEDIES RECOMMENDED BY THE COMMISSION.	248
Poverty	248
Ignorance	249
Increase of population	250
Rigid revenue system	250
Enhancement of assessment	251
Defects of the present law. Proposed remedial measures	251
Alterations in conduct of judicial business	251
Village courts	252
Special pleader for illiterate defendants	253
Draft bill for amending execution of decrees	253
Bonds in adjustment of decrees	254
Objections to proposed measures	254
Measures for dealing with present debt	256

BILL FOR THE PREVENTION OF FRAUDS.	256
Statement of objects and reasons	256
Draft bill (Public Notaries. Receipts and Accounts. Penalties. Operation of the Act.)	258

BILL FOR AMENDING THE LAW RELATING TO THE EXECUTION OF DECREES.	258
Statement of objects and reasons	259
Draft bill - I. Of abolition of imprisonment for debt. II. Liability of judgment debtor to furnish a list of his property and exemption of certain property from sale in execution. III. Mode of selling immovable property. IV. Agreement extorted by process of execution or threats thereof. V. Limitation of decrees.	259

SUPPLEMENTARY MINUTES.

ON THE CONNEXION OF THE REVISION OF ASSESSMENT WITH THE RIOTS BY MR. RICHT	262
ON THE CONNEXION OF THE RECENT ENHANCEMENT OF LAND REVENUE WITH THE RIOTS BY MR. CARPENTER	266
ON THE REVISION OF ASSESSMENT BY MR. LION	268
ON THE REVISION OF ASSESSMENT BY MR. SHAMBHUPRASAD LAKSHMILAL	273
ON THE ENHANCEMENT OF ASSESSMENT IN POONA AND SHOLAPUR BY MR. CARPENTER	275
THE CONNEXION OF THE ENHANCED ASSESSMENTS OF LAND REVENUE WITH THE EMBARASSMENTS OF THE RYOTS	291

I. Opinions of Officers and Others. 291

Extract from the Replies of the Collector of Poona to the Commission queries, October 1875	291
Extract from Letter of Sub-Judge of Ahmednagar dated 20th of October 1875	291
Extract from Letter of Sub-Judge of Patus (Poona) dated 28th September 1875	290
Extract from a Memorandum by Mr Shambhuprasad Lakshmilal December 1875	292
Extract from Report by Mr. Macpherson Assistant Collector of Poona, 1874-75	293
Extract from Report by Mr. Davidson, Assistant Collector of Sholapur, 1874-75	292
Extract from the Remarks of Government on the Sholapur Reports, 1874-75	294
Extract from Report by the Collector of Ahmednagar, 1874-75	294
Extract from the Remarks of Government on the Ahmednagar Reports, 1874-75	294
Extract from Mr. Pedder's "Leading Points regarding Revision Settlements"	295
Extract from Report of the Revenue Commissioner, S.D., paras 9 and 10, on the Revised Assessment of Taluka Karmala, Zilla Sholapur, dated 14th January 1874	295
Extract from a Memorandum of the Revenue Commissioner, S.D., on the Division of Taluka Pandharpur, Zilla Sholapur, dated 21st October 1872	295
Extract from a Petition presented to the Collector of Sholapur by the ryots of Karmala Taluka, September 1875	296
Extract from the Report of the Sub-Committee of the Poona Sarvajanic Sabha, 1873	297
Statement of Cultivated Area and Assessment in the Revised Talukas of the Poona and Sholapur Collectorates	304
Table of Rates and Percentages of Assessment in Poona and Sholapur	304

Statement Showing the Area of Waste at various periods during the Settlement	305
Table Illustrating the Enhancement of Assessment Imposed on Villages in Taluka Bhimthari (Every fifth entry from the list of Villages)	305
Table Illustrating the Enhancement of Assessment Imposed on Villages in Taluka Indápur, Sirur and Haveli (Every Tenth entry)	306
Table Exhibiting Extreme Cases of Enhancement of Assessment on Villages in the Poona Collectorate	307

II. The System of Revision of Assessment.

Extract from the Joint Report on the System of Revenue Survey and Assessment, 1847	308
Section 30 of the Bombay Survey and Settlement Act, No. I of 1865	311
Extract from Report on the Revision of Assessment in Taluka, Indápur, Poona Collectorate, January 1867	311
Extract from Sir G. Wingate's Note on the Revision of Assessment in the Indápur Taluka, 1867	320
Extract from Letter of the Revenue Commissioner, S.D., submitting the Revision Report to Government, dated May 1867	323
Extract from Resolution of Government on the Revision of Indápur, No. 1211, dated 27th March 1868	323
Extract from the Report on the Revision of Assessment of the Bhimthari Taluka, dated 12th July 1871	323
Extract from Letter of the Survey and Settlement Commissioner submitting the Revision Report of Bhimthari, dated 28th November 1871	324
Statement showing the Effect of the Proposed Rates Contrasted with the last year's Payments in 48 Villages of the Bhimthari Taluka	327
Statement showing the Average Prices of Jowari and Bajri in Poona (City) and Yewat, from 1841-42 to 1870-71	327
Extract from a Memorandum of the Revenue Commissioner, S.D., on the Revision Report of Bhimthari, dated 3rd January 1872	329
Extract from Resolution of Government No. 385, dated 26th January 1872	332

III. The Pressure of the Revised of Assessment.

Extracts from Letter of the Revenue Commissioner, S.D., No. 149, dated 14th January 1874, on the revision of karmala Taluka	332
Extract from Resolution of Government No. 707, dated 7th February 1874, on the Revision of Karmala Taluka	334
Extracts from Letter No. 444, dated 20th March 1874, from the Survey and Settlement Commissioner, N.D., to the Revenue Commissioner, S.D.	335
Extracts from Letter No. 1,466, dated 20th April 1874, from the Revenue Commissioner, S.D., to Government	336
Old Classification of the Village of Alipur, in Taluka Barsi, Zilla Sholapur, in Contrast with those of the Revised Settlement	341
Old Classification of the Village of Dahitneh, in Taluka Sholapur, in Sholapur Collectorate, in Contrast with those of the Revised Settlement	343
Old Classification Rates of the Village of Miri, in Taluka Sholapur, of the Sholapur Collectorate, in Contrast with those of the Revised Settlement	345
Old Classification Rates of the Village of Ishwar-Water, in Taluka Pandharpur, of the Sholapur Collectorate, in Contrast with those of the Revised Settlement	346
Extract from a Note, "Leading Points regarding Revision Settlements", by Mr. W.G. Pedder, C.S., 1874.	348
Statement Showing the Annual Amount realised from defaulting Ryots on Account of Notice Fees, Interest, and Fines in the Poona Collectorate from 1865-66 to 1874-75	356
Poona Collectorate Return Showing the Result of Revenue Processes issued for the Recovery of Government Revenue from Defaulting Ryots in the Last Three Years	357
Statement Showing the Lands and Other Moveable Property Attached and Sold for recovering the Arrears of Land Revenue in the Disturbed Villages of Taluka Bhimthari, Poona District, in 1873-74	357

IV. Reduction of Enhanced Assessment by the Government.

Resolution of Government No. 5,739, dated 29th October 1874	359
---	-----

Resolution of Government No. 4,515, dated 11th August 1875, directing a Reduction of Assessment in Taluka Madha	362
Resolution of Government No. 4,980, dated 30th August 1875, directing a Reduction of Assessment in Taluka Bhimthari	363
Resolution of Government No. 5,200, dated 11th September 1875, directing a Reduction of Assessment in Taluka Indápur	367

Miscellaneous Papers.

Extract from a Note, by Mr. W.G. Pedder on the Experiments made to ascertain the Average Value of the Produce of different sorts of Land	368
Extract from the Report of the Committee of the Poona Sarvajanic Sabha, Chapter III	374
Note on the Revision of the Survey Settlement in the Deccan by Mr. A.W. Keyser, Assistant Collector of Sholapur.	375
Return showing Prices (number of seers per rupee) of Jowari and Bajri in Indápur from 1866-67 to 1874-75	377
Tabular Statement of the Original and Revised Rates of Assessment in the Village of Kheirgaum	378
MEMORANDUM BY MR. AUCKLAND COLVIN.	395
Object of the Memorandum	395
Causes of present crisis, general and special	395
(1) Former indebtedness	395
(2) Effect of survey and settlement on credit	395
(3) Effect of high prices on credit	396
(4) Fall of prices	397
(5) Effect of fall of prices on credit illustrated by registration	397
Three remaining causes	397
Causes special to the disturbed districts	398
Original poverty, Poona	399
Further consideration of soil &c.	400
Indápur taluka (Poona) Rainfall; soil	400
Haveli taluka, Crops; rainfall	400
Pábal Rainfall; cultivation	400
Supa Crops; rainfall	400
Newása taluka (Ahmenagar). Cultivation	400
Kharda. Poverty of soil	401
Population	401
Enhancement of revenue at the revised assessment	401
Enhancement of revenue at the revised survey assessment	401
Enhancement not to be calculated as in Upper India	403
Illustrations of extreme cases of enhancement	403
Comparison of enhancement between the initial years of the two surveys	404
Survey figures of enhancement in five Poona Taluka	404
Effect of survey enhancement	405
Great prevalence of Marwaris in the Deccan	405
Action on the cultivating classes of the above causes	406
Sketch of the present condition of the Kunbi	406
District Deputy Collector, Khandesh para 11, no. 108, dated 12th July 1874	406
Statement of Subordinate Judges	407
Illustration of indebtedness in Khandesh and Ahmednagar	409
Progressive increase of Marwari proprietorship	409
Further information needed	411
Above extracts support the sketch of the Kunbis' position given in para 18	411
Grouping of the above causes under their respective heads	411
Further remarks on pressure of population	411
Difficulties from increasing numbers of population	411
Proportionate increase of population, ploughs, &c.	411
Disproportion of plough-cattle and houses to population	411
Pressure of population proportionate to quality of soil	412

Decrease of available waste during settlement	412
Similar result of figures for the Southern Division	413
Enhancement of assessment equivalent to increase of population	414
Action of the courts	414
Judicial opinion on the point	415
Points chiefly insisted on	415
Powerlessness of the courts against fraud	415
Decrease and warrants of arrest used as instruments of extortion	415
Illustrations	417
No finality to decrees	419
Judgment debtor's property liable to sale without reserve	420
Inadequate prices obtained at public sales	420
Working of three years' limitation rules	421
Distinction between the problem in Upper and Western India	421
The ryot's ignorance. The desirability of bringing the sowkar within the village system	424
Proposals of Mr. Fraser Tytler and Mr. Shambu Prasad	424
Education Powerless	425
Previous proposals to this effect	425
Scheme of village accountants	425
Consideration of objections urged to it	425
Expediency of utilising the Sowkar	425
Scheme to be experimental	426
Preventative measures a sine qua non	427
Scheme for compounding present debt in the disturbed tracts	428
Proposals as to collectorates similarly circumstances	428
Other economic disadvantages incurable at present	428
Fiscal sources of difficulties, Gradual introduction of large enhancements of revenue expedient	429
Essential reasons for such a course in the case of the recent rise	429
Assessment applied on arithmetical data with too little regard to the opinions of district officers	430
Adaptation of revenue system to special local peculiarities	432
Third class of difficulties	433
Two stages of relief	433
Law of limitation	433
Imprisonment for debt	433
Imprisonment for debt used as a means of compulsion	435
An insolvency law not likely to be much used unless made compulsory	435
Term of currency of decrees	435
Inadequate prices at sales of land	435
Sale of necessaries and implements of trade	435
Summary. Land, unless hypothecated for a debt, to be exempt from sale	436
Suits for sale of land in satisfaction of debt to be heard by selected courts only	436
Précis of objections to certain other schemes	437

ERRATA*

Page 5, line 22, for 1873 to 1874 read 1870 to 1874

Page 25, para 67, for 5,5,6,7,8,9 read 5,6,7,8,9,10

[***Editor's Note:** These corrections have been carried out in the Documentation in this Volume.]

NOTE. - The Appendices, which are frequently referred to and quoted throughout the following report, and in the separate Minutes of the Members of the Commission, have been omitted on account of their voluminous nature.

REPORT.
CHAPTER I.-THE RIOTS.
Premonitory Disturbances.

1. The first open indication of the spirit of hostility against the Marwari money-lender which led to the riots was shown by the inhabitants of the village of Kardeh, in the Sirur Taluka of the Poona Collectorate, at the end of 1874. A Deshmukh (district hereditary officer) of good family and some influence, who had accumulated a fortune in the service of His Highness Scindia, to whom he is related, had settled in the village, and having spent his fortune had fallen deeply in debt. Two of his creditors, Kalooram and Bhugwadas, Marwaris, got decrees against him, and Kalooram took out a warrant of arrest. The Deshmukh gave Kalooram personal ornaments, and the warrant was not executed. About four months afterwards some ornaments and property belonging to the temple of Vittoba at the Deshmukh's house were attached, but, at the instance of the villagers, Kalooram allowed the attached property to remain in deposit with a third party for two months. At the end of that term, as the Deshmukh had not paid the value of the property, it was taken possession of by Kalooram. A third execution was issued on Kalooram's decree, and the Deshmukh's houses and lands were attached and sold for a song, there being no bidders against the Marwari decree-holder. The following extract from a vernacular paper published at Poona relates the consequences of the Marwari's proceedings:-

**SUBSTANCE of a LETTER published
in the "Dyan Chaksu" newspaper,
dated the 27th January 1875.
To the Editor of the
Dyan Chaksu Newspaper.**

SIR, While journeying in the districts I happened to arrive at the village of Kardeh. I

put up in the village chauri where I heard a pitiful story which will appear from the following:-

"The village of Kardeh, in Taluka Sirur, originally belonged to Raste. One Baba-Saheb Deshmukh lives in this village. One of his sowkars, by a name Kalooram Marwari, obtained decrees against him from the Court at Talegaon, and in satisfaction thereof put the Deshmukh's house for sale by a public auction and purchased it himself for Rs. 150. In December 1874 the plaintiff commenced to pull down the house, when the defendant requested him not to do so, and promised to pay the debts, at his convenience. Defendant also agreed to pay rent for the house during its occupancy, but the plaintiff did not listen to his proposal and refused to put a stop to the pulling down of the house. Defendant took to heart these proceedings of the sowkar, and he collected together the village ryots and resolved that as the Marwaris have commenced to ruin them, it would be better neither to borrow from them nor to serve them or purchase anything from them in future. This unanimous resolution of the villagers put the Marwaris Sachiram, Pratap, Shivram, and one or two others to the greatest inconvenience for want of servants, &c. They therefore proposed to remove themselves to Sirur with the aid of the police by the 5th January 1875. When the Marwaris had loaded their carts with their goods and things, the villagers submitted a petition to the 'Sirkar' (Government) that as they had given grain to the Marwaris, they should not be allowed to leave the village until the Government assessment has been paid by them. How this application has been disposed of is not known to me. One of the villagers has opened a grocer's shop at which all purchases are made. Mr. Editor, if the example of these

villagers be followed everywhere, and the unanimity of the people secured, the pauperised state of our country will, I think, certainly disappear very soon. I beg you will kindly excuse me for the length of this letter, and trust that you will not fail to publish it in your journal, - A TRAVELLER."

2. The villagers who Combined against these Marwaris did not confine themselves to a passive hostility. Besides refusing service as water-carriers, barbers, household servants, & c., they subjected the Marwaris to annoyance by throwing the carcasses of dogs and other filth into their premises, and generally showed such a spirit of personal hatred that the money-lenders, on retreating to Sirur for the protection of the police at the taluka head-quarters, petitioned the magistrate, representing that they were in bodily fear of the villagers. The magistrate considered the spirit shown by the people to be of a dangerous nature, and reported it to the Police Commissioner accordingly.

3. The example set by the people of Kardeh and the neighbourhood was followed by other villages, and before any actual outbreak occurred the Marwari money-lenders had in several places been subjected to similar social outlawry and petty annoyance.

The Outbreak

4. The first actual outbreak occurred at Supa, a large village of the Bhimthari Taluka of Poona, on the 12th May 1875. The victims of the rioters were the Guzerathi sowkars, of whom there are a large number in Supa. Their houses and shops were attacked by a large mob principally recruited from the hamlets round Supa, who had assembled ostensibly to attend the market on bazar day. The houses and shops were gutted of everything that the rioters could find, and one house was burnt down, but no violence to persons was committed.

The rapidity with which the example was followed through the whole area affected shows that everywhere the same influences had brought the villagers to the same readiness for resort to force. Subsequent inquiries leave no doubt that the rioters at Supa had the sympathy and countenance of some influential persons of their village, and the presence of these persons may perhaps account for the first occurrence of open violence at Supa; but the condition of the villagers through the whole affected area was such that even had Supa not taken the initiative, some other place would doubtless have done so. The combustible elements were everywhere ready; design or mistake or accident would have surely supplied the spark to ignite them.

5. Within, twenty-four hours of the riot at Supa, the leading Marwari sowkar of Kheirgaon, a village above 14 miles distant, had his fodder stacks burnt down and his house attacked with fire, and during the following days riots occurred in four other villages of Bhimthari and were threatened in seventeen more. The contagion spread to the neighbouring districts of Indápur and Purandhar, in the former of which a disturbance, which would have been serious from the number assembling, was averted, as were the riots threatened in the seventeen villages above noted, by the promptitude of the police. A detachment of native infantry having arrived at Supa, the police were relieved and available for other duty, and order was quickly restored.

6. In the meantime riots commenced in the Sirur Taluka. The first violence was committed at Navra, where a Marwari; who had left the village for safety, was mobbed and prevented from moving his property to the place whither he had himself retreated. An uncle of this Marwari had some two years previously been murdered by his debtors. Other villages of Sirur followed the example, Kardeh being one; at Damareh a Marwari had his leg broken and was saved from death by some of the rioters dragging him out of his

burning house. Altogether fifteen villages of Sirur Taluka and three of Haveli Taluka were the scene of riot or threatened disturbance. The Regiment of Poona Horse, which has its head-quarters at Sirur, supplied parties to assist the Assistant Magistrate and the police in restoring and maintaining order.

7. While these disturbances were going on in the Poona District, similar outbreaks were occurring in the neighbouring talukas of Ahmednagar, and during the fortnight following the riot at Supa on 12th May, riots took place in the talukas of Shrigonda, Párner, Nagar, and Karjat, and besides actual rioting there were numerous gatherings which were prevented from proceeding to violence by the timely arrival of police or military. A detachment of native infantry was moved to Shrigonda, and parties of the Poona Horse were active in patrolling the villages in the west within reach of their headquarters at Sirur.

The Extent of the Riots

8. In Poona disturbances more or less serious took place in five villages of Bhimthari Taluka, and six villages of Sirur Taluka.

Disturbances were threatened but averted by the arrival of the police in-

- 17 villages of Bhimthari
- 10 villages of Sirur.
- 1 village of Indápur.
- 3 villages of Haveli.

9. In Ahmednagar disturbances took place in

- 6 villages of Párner Taluka.
- 11 villages of Shrigonda.
- 4 villages of Nagar Taluka.
- 1 village of Karjat

Disturbances were threatened in many other villages.

10. The following shows the number of persons arrested in connexion with the disturbances and the results of the trials held:-

In Poona - Persons arrested 559, of whom 301 were convicted and 258 discharged.

In Ahmednagar - Persons arrested 392, of whom 200 were convicted and 192 discharged.

11. Punitive police posts, mustering a total of 98 men, were established at the expense of the inhabitants among the disturbed villages. As was to be expected the greatest difficulty was experienced by the Magistrates in obtaining trustworthy evidence against the rioters.

12. The riot at Supa was singular in the wholesale plunder of property, and that at Damareh in the murderous assault upon the money-lenders. In a few other instances personal violence was used, and in several places stacks of produce belonging to moneylenders were burnt; but as a rule the disturbances were marked by the absence of serious crime. The object of the rioters was in every case to obtain and destroy the bonds, decrees, &c. in the possession of their creditors; when these were peaceably given up to the assembled mob there was usually nothing further done. When the money-lender refused or shut himself up, violence was used to frighten him into a surrender or to get possession of the papers. In most places the police interfered during the first stage of assembling and threatening, and so prevented violence. From many villages the Marwari sowkars fled on the first news of the outbreak. In other villages they opened negotiations with their debtors for a general, reduction of their claims, and in some cases propitiated their debtors by easy settlements. In almost every case inquired into, the riot is stated to have commenced on news arriving of bonds having been extorted in some neighbouring village, with the usual story which will be noticed hereafter - that the Government approved of the proceeding. The Marwari and

Gujur sowkars were almost exclusively the victims of the riots, and in villages where sowkars of the Brahmin and other castes shared the money lending business with Marwaris it was usual to find that the latter only were molested. There were, however, exceptions, where the leading or only sowkars were of the Brahmin caste, as in the case of the village of Ghospuri.

13. The last of the connected series of outbreaks occurred at Mundhali in Bhimthari Taluka on the 15th of June, but there were subsequently two isolated cases in Poona, which showed that the warning conveyed by the fong catalogue of convictions and punishments, and the imposition of punitive police posts, had not extinguished, but only repressed, the violent temper of the cultivators.

14. On 22nd July seven men of the village of Nimbut, Taluka Bhimthari, besides committing a robbery of documents, cut off the nose of a man who was enforcing a decree of the Civil Court which put him in possession of land belonging to one of the perpetrators of the outrage. On 28th July the villagers of Karhati, Taluka Bhimthari, broke into the house of a Marwari sowkar and took away grain which was stored there. He had refused them advances of grain, - except on terms as to the renewal of his bonds or settlement of his debts to which they were unable or unwilling to agree.

15. Beside these two cases, in the Poona, District, sequelæ as it were of the general movement, the following case must be noticed. On the 10th September in the village Kukrur, in the south-west of the Collectorate of Satara, a riotous outrage was committed in all respects similar to the serious crimes committed by the rioters of Poona and Ahmednagar. About 100 or more of the villagers attacked, plundered, and burnt the house of a leading Gujur sowkar, collected all papers and accounts which they found in the house, destroyed them, and then dispersed.

The cause of the riot was declared by the rioters who were arrested to be the harsh proceedings of the sowkar against his debtors; the Magistrate in charge of the taluka reports that "news of the doings in the Poona and Nagar districts had no doubt reached all parts of the country some time ago, and probably suggested the idea to the people of Kukrur." Kukrur is more than 100 miles from the nearest part of the disturbed district in Poona.

16. In reviewing the character of the disturbances, generally, the most remarkable feature presented is the small amount of serious crime. A movement which was a direct appeal to physical force was over a large area, usually restrained within the limits of a mere demonstration; the few cases which show the vindictive spirit usually displayed in agrarian disturbances are probably to be accounted for by the presence of other elements besides the ordinary Kunbi peasantry. This moderation is in some measure to be attributed to the nature of the movement itself. It was not, so much a rebellion against the oppressor, as an attempt to accomplish a very definite and practical object, namely, the disarming of the enemy by taking his weapons (bonds and accounts), and for this purpose mere demonstration of force was usually sufficient. Another circumstance which contributed to the moderation used by the peasantry was that in many cases the movement was led or participated in by the heads of the community, the patels and others; it was doubtless an aggravation of the breach of law that those who should have maintained order in any case contributed to disturb it; but an assembly of villagers, acting with their natural leaders for a definite object, was a less dangerous body than a mob of rioters with no responsible head would have been. But the chief cause of the moderation shown is doubtless the naturally, law-abiding spirit of the Kunbi peasantry. It is so far from their natural tendency to resort to physical force that the fact of their having

done so is advanced generally by the officers of the disturbed districts as a proof of the reality of their grievances.

Instances of similar Disturbances

17. The Santhal rebellion of 1855 is, so far as we are aware, the only other instance in the history of British India of a widespread disturbance arising out of the relations of the agricultural and money-lending classes; but the police records supply numerous instances of crime as the result of those relations, which it may be convenient to notice here.

In 1845 the Bheel chief Raghoo Bhangria headed a large body of plundering Bheels, whose practice it was to cutoff the ears and noses of Marwari sowkars wherever they could find them.

The Kolis of the hill ranges between the Poona and Tanna districts have from time to time organized gangs which have employed themselves chiefly in the plunder, often in the murder and mutilation, of money-lenders. The recent doings of such a gang of outlaws will be noticed hereafter in our remarks on the causes of the riots.

In a remarkable letter of Sir G. Wingate to the Bombay Government in 1852 the following passage occurs:-

"But though the indebtedness of the ryot is universally admitted, I am not satisfied that all its sad consequences and accompaniments are equally well understood. The Sudder Court, however, in their criminal capacity have had two recent and striking examples of the frightful pass to which the relations between debtor and creditor in agricultural villages have in some districts been brought, and the mere recalling of them to recollection, will, I apprehend, convey a more vivid conception of the evil in all its reality and hideousness than the most elaborate description. I refer to two

instances of murders of village money-lenders committed in widely separate parts of our presidency. One of these occurred in the Sholapur Collectorate, where a creditor was murdered by some of his debtors, whom his oppressions had exasperated beyond the limits of endurance, in the midst of his village in broad day among a crowd of his neighbours, who apparently viewed the deed with approbation, and at all events did nothing to prevent it. The other in Guzerat, where a creditor was murdered on the high road in open day by hired assassins, at the instance of his debtors, whose sufferings at his hands will be best understood from the following remarks made by the Sadar Fouzdari Adalat in passing sentence:- "These prisoners then, of whom two are heads of adjoining villages, have been convicted of concerting and executing a plan for the destruction of a person who was their common creditor and an object of general jealousy and hatred, as one for whose forbearance in pecuniary claims no smaller price was acceptable than the dishonour at his hands of the wives and sisters of the poor peasants who were indebted to him. "These two cases of village money-lenders, murdered by their debtors almost at opposite extremities of our presidency, must, I apprehend, be viewed not as the results of isolated instances of oppression on the part of creditors, but as examples in an aggravated form of the general relations subsisting between the class of moneylenders and our agricultural population, And if so, what an amount of dire oppression on the one hand, and of suffering on the other, do they reveal to us? What must be the state of things which can compel cultivators proverbially patient and long suffering, accustomed to more or less of ill-usage and injustice, all times, to redress their wrongs by murder and in defiance of an ignominious death to themselves? How must their sense of justice have been violated? How must, they have been bereft of all hopes of redress from law or Government before

their patient and peaceful natures could be roused to the point of desperation required for such a deed?

18. That Sir G. Wingate was right in regarding the two murder cases of 1852 not as isolated crimes, but as examples of the relations between sowkar and ryot generally, is shown by the police record of the last few years which disclose a marked increase in this class of crime - a powerful warning of the necessity for remedial measures. The information under this head given below includes the district of Kaira in Guzerat, where the Kolis are among the least civilized of the agricultural populations of Bombay, and are as regards their relations to the money-lender in a position similar to that of the Kunbis of Ahmednagar and Poona.

App. P. 1

In Kaira. - From April 1871 to July 1875 money-lenders were the victims' in the following offences :- murders 9, grievous hurt and wounding 10, arson 7, assaults 24, assault with a view to rescue property attached or taken for debts 12, theft 3; trespass by re-entry into property taken under detachment 4. There were besides 3 suicides of debtors on account of debt, and 2 cases of Traga (self-inflicted) hurt for the same reason. Total 79 offences in four years and three months.

In Ahmednagar. - From April 1871 to October 1874 money-lenders were the sufferers in the following cases:- murders 2, dacoities (including one case of mutilation) 5, housebreaking with theft of property and bonds, &c. 7, riots, arson 1. Total, 18 offences in three years and six months.

In Poona. - In the years 1870 to 1874 money-lenders were the sufferers in the following

cases:- murder 1, robbery 7, mischief 8, theft 24, hurt 29, criminal force 8. Total, 77 offences in five years.

The police reports of the Presidency, for 1874 show two murders and four dacoities, of which money-lenders were the victims, in the districts of Ratnagiri, Satara, Sholapur, and Ahmedabad.

CHAPTER II-THE DISTRICT IN WHICH THE RIOTS TOOK PLACE. Physical Character

19. A map is appended showing the area of the Ahmednagar and Poona, districts affected by the disturbances.* The villages mentioned in this report are marked with red.

The valley east of Poona, traversed by the Railway and watered by the Mula and Bhima rivers, is the only extensive tract of plain country in the area; the rest is distributed into level uplands, slopes and valleys, and is intersected by ranges of hills, which towards the north attain considerable elevation. The following extracts from the report of the Superintendent of the Ahmednagar Survey, Colonel G. S. Anderson, give the leading features of the western portion of the disturbed district north of the Bhima River, the greater portion of which was formerly comprised in the Kardeh Taluka of Ahmednagar :-

"There are no extensive plains of rich soil, the river valleys being generally skirted by much hilly, undulating, and broken ground. In the south, towards the Bhima, the country opens out and becomes more level, but there also sterile stony tracts are to be met with. This diversity, however, is pleasing to the eye, and though much of the hilly and broken ground has a naked and bleak aspect, there are on many

* A general map of India has been substituted for the large scale map of the disturbed districts which accompanied the original report.

localities rich table-lands, fertile and well-watered valleys, and level tracts of good soil, though the latter are limited in extent. The soil is of various kinds. A large proportion of it is poor and shallow, suitable only for the growth of bajri, jowari, and other similar crops.*** Towards the Bhima the black soils are very deep and require much labour in their cultivation. They yield very large crops in year of plentiful rain; but unfortunately the climate in that direction is very, uncertain, and crops frequently fail in consequence of a deficiency of moisture.*** The fall of rain from Palmer northward is generally good and certain. Towards the Ghor River and Kolgaon it is not so much to be depended upon and further south the climate is very uncertain until, on the Bhima, years of failure of rain appear to form the rule, and a good year now and then the exception."

20. The following extract from the same report refers to the eastern portion north of the Bhima River, viz., the Karjat Taluka and the eastern portion of Shrigonda:-

"In its aspect Korti is decidedly inferior to any district hitherto assessed. There are few trees anywhere, in some parts none, and owing to the large proportion of rocky and unprofitable ground almost destitute of vegetation, the country generally presents a most dismal appearance.*** Lighter soils of a better description prevail, about Karjat and other places, but on the whole the soil of the taluka is inferior. The climate of Korti is decidedly inferior to that of any other district of the Ahmednagar Collectorate. Towards the Bhima the fall of rain is most uncertain, and the deep soils to be found in that direction also require more rain than the poor soils towards the north."

21. Of the portion of the disturbed area lying south of the Bhima River the westernmost is the eastern part of Haveli Taluka, which is thus described by the present Superintendent of Survey, Colonel Waddington:-

"The tract lying between the Mutha-mula and the Bhima, and which comprises some of the poorest villages — is chiefly stony, sterile, high-lying land better fitted for sheep grazing than agriculture. The district to the south between the Mula and the hills is much more level and contains a large proportion of rich soil.*** The climate varies much, the rainfall increasing as you go *westward*, until in the border villages rice and nagli take the place of jowari and bajri."

To the east of Haveli Taluka lies Bhimthari, the region first disturbed by riot. It is divided into two Portions, the level and rich plain near the River Bhima, and the hilly and rugged portion to the south and south-east. In climate it presents the same variety as Haveli at a less favourable standard, the western or best rainfall of Bhimthari being just below the eastern or best of Haveli.

22. To the east of Bhimthari lies Indápur Taluka, which corresponds very nearly in its physical character to the district lying across, the Bhima north of it, described above as bare of vegetation and suffering from chronic droughts.

23. Throughout the whole area the soil presents the same general varieties with local modifications. It ranges from black alluvial of varying depth and purity in the levels and valleys, through the lighter red soils of the slopes, to the thin gravelly covering of hill sides and water-worn declivities. The black soil of the Bhima valley possesses considerable fertility, but requires much labour in its cultivation, and more rain than the lighter and shallower soils. The red soil is productive under irrigation, but, except in parts of the Ahmednagar District, irrigated crops form but a small fraction of the agricultural produce.

The rainfall being intercepted by the high country between Poona and the sea, its progressive decrease eastward is readily accounted for.

Population

25. The rural population (deducting the cities of Poona and Ahmednagar) amounts to 712,157. The population per square mile is in each taluka as follows: -

Nagar	133.25	Haveli	202.46
Párner	112.75	Bhimthari	115.07
Shrigonda	106.45	Indápur	110.03
Karjat	86.01	Sirur	137.96

The number of houses per square mile is in Bhimthari Taluka only 13.35, but there are nearly 9 persons per house. In the other rural talukas there are about 19 houses to the square mile, and from 5 to 7 persons per house. Probably the infrequency of good sources of water-supply in parts of Bhimthari has discouraged the colonization of hamlets. The average population of the whole of the Deccan is 147 per square mile, and the average of houses 27.07. It will be seen that with the exception of the Nagar and Haveli Talukas, the rural portions of which are favourably affected by the neighbouring cities of Ahmednagar and Poona, the area under report is far below the average even of the Deccan.

26. The area of cultivated land per head of the agricultural population is estimated to range from a little more than three acres in Haveli to nearly nine acres in Karjat Taluka. The small area in Haveli Taluka is to be attributed to the density of its population, and to the fact that the western portion of this taluka contains rice and garden cultivation. This portion was not affected by the disturbances. In the eastern portion, with which we are concerned, the conditions of agriculture are almost identical with those of the contiguous

villages of Sirur and Bhimthari, and the average area per head of the cultivating population may be safely estimated at about six acres.

27. The proportion of the rural population concerned in agriculture cannot be ascertained from any existing data with numerical accuracy. The Census enumeration shows those of the rural population who are employed in trades and professions under the classes belonging to their occupation; but such classes almost invariably have an interest in land, which it would be wrong to overlook in estimating the proportion of land to agricultural population. The village carpenter does not draw more in direct wages for his skilled labour than the ordinary cultivator does by the labour of himself and his cattle in non-agricultural employments, and both are maintained chiefly by their land. We believe that a proportion of 75 per cent of the rural population may be safely assumed to be agricultural in the above sense.

Cattle.

28. The number of draught cattle per acre ranges from 0.6 in Bhimthari to 1 in Haveli and Párner. In other words, there are 33 acres per yoke of cattle in Bhimthari, 28 in Indápur, 25 in Karjat, 22 in Sirur, Shrigonda, and Nagar, and 20 in Párner and Haveli. The number of draught cattle per head of the agricultural population ranges highest in the Ahmednagar districts.* This is simply accounted for by the large proportion of unculturable land in the Nagar, Párner, and Shrigonda Talukas, and the greater sparsity of population, particularly in the Karjat Taluka, which allows a larger proportion of land to be devoted to grazing purposes. It should be also noted that the rearing of stock has always been

* Nagar - .49
 Párner - .60
 Shrigonda - .61
 Karjat - .69

more largely pursued in the Ahmednagar than Poona, District, and that there is more well irrigation in Ahmednagar than Poona. The average of draught cattle per head is lowest in the Haveli Taluka of Poona, being .40; but in this respect, as in the average of land per head, the statistics of the Haveli Taluka are seriously modified by the conditions of agriculture in its western portion with which we have nothing to do; and for the purposes of the present inquiry the standard averages of Bhimthari and Sirur are a safer guide. The draught cattle per head agricultural population in Sirur and Bhimthari average .47 and .43 respectively. It will be seen that the ratio is about three head of cattle to every five persons in Ahmednagar, and but little more than two per head to every five persons in Poona.

29. The land revenue per culturable acre is shown in the following table:-

From 4 annas to 5 Karjat	From 9 annas to 10 Nagar
From 7 annas to 8 Párner	From 9 annas to 10 Sirur
From 7 annas to 8 Shrigonda	From 9 annas to 10 Haveli
From 7 annas to 8 Bhimthari	(disturbed portion)
From 7 annas to 8 Indápur	

The incidence of land revenue per head of the agricultural population is highest in Nagar and Sirur, being as nearly as possible Rs. 3-4-0 in each taluka. These talukas show a remarkable similarity in all other conditions illustrated by these statistics. In Bhimthari, Indápur, and Shrigonda the land revenue averages about Rs. 3 per head of the agricultural population. In Párner it averages about Rs. 2-11-0, and in Karjat Rs. 2-3-0.

Comparison with Guzerat.

30. It has been shown above that the area affected by the disturbances is below the average even of the Deccan in population and houses-, but a more accurate appreciation of the statistics summarized may be obtained by a comparison between the Deccan and Guzerat in respect of some of the points noticed.

The area of Guzerat is considerably less than one-seventh of that of the Deccan, while the population is more than one-third. The average to the square mile in Guzerat is 308 against 147 in the Deccan.

The ordinary house of the ryot of Guzerat costs at least twice as much as that of the Deccan Kunbi, and Central Guzerat abounds with large and crowded towns; nevertheless the average number of dwellers in one house is in Guzerat 3.59, in Bhimthari 8.62. The culturable area per head of agricultural population is in Guzerat less than 2, in the disturbed district 6.

Land, revenue per acre is in Guzerat Rs. 2-13-4 in the Deccan Rs. 0-10-1.

The foregoing comparison shows that in the area of our inquiry we have a region of very poor quality as regards agricultural resources. The comparison is made with a province, the average of which will give a fair standard of a district enjoying good resources, but not exceptionally rich as compared with other parts of India.

Produce.

31. The chief products of the disturbed region are jowari (sorghum) and bajri (millet). The appendices show the proportion of these and other crops in the several talukas. For the purposes of inquiry it is unnecessary to consider the statistics of any other crops besides these. Bajri is an early crop requiring a better rainfall than jowari and suited to the lighter and shallower soils. Jowari is a late crop, cultivated more largely in proportion as the rainfall is scanty, and requires a deeper soil. One feature of both these crops is the value of the straw for fodder, which in a year of comparative drought, when the grain is not formed, nevertheless gives some slight return for the seed and labour expended. The data on record or available for ascertaining the average yield per acre of these two staple products are meagre, but the following estimate of the out-turn in a year of average

rainfall, (the average being considerably below the maximum and above the minimum), is probably not far from the mark:-

	Good Soil	Middling	Poor
	MAUNDS		
Jowari	7	3	1
Bajri	5	3	1 ³ / ₄

At the average price ruling for the last four years the produce as above would be valued as follows :-

	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.
Jowari	9	13	6	4	3	6	1	6	6
Bajri	9	6	0	5	10	0	3	4	6

To these values may be added, the value of the straw, which in the case of jowari, appears from the evidence available to bear a proportion of about 6 annas worth to the rupee's worth of grain, and in the case of bajri of 2 ¹/₂ annas to the rupee of grain in the good and middling soils. In the poor soils the proportional value of the straw will be much higher, being about *equal* to that of the grain in the case of jowari and about one third of the value of the grain in the case of bajri. The results in money of the, above estimates are therefore as follows:-

	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.
Jowari	13	8	6	5	13	0	2	13	0
Bajri	10	13	5	6	8	0	4	6	0

Former Condition of the Country.

32. The region under report came into British possession in A.D. 1819-20, 21. In the beginning of the century it had, in common with the rest of the Deccan, suffered frightfully in the disorders which preceded the downfall of the Mahratta power. In 1838 Lieutenant Nash of the Survey Department reports that the people of Bhimthari still remember the plundering march of Yeshwuntrao Holkar through the country in 1802, and the famine that was its consequence. Following

the calamities of war in the early years of our rule came cholera, the ravages of which may be estimated from the fact noted by Lieutenant Nash of the deaths in the three first years of the plague, of 460 people in a village of about 1,000 inhabitants. The country was without made roads, and the hill ranges rendered the transport of commodities by pack animals difficult and costly; the agricultural community suffered in years of drought by the famine prices of articles of consumption, and in years of plenty, by the low prices of their produce in the overstocked local market. Of the Southern Division of the Bhimthari District, so late as 1843, Lieutenant Nash writes:- "Carts can reach Bhore, but unfortunately there are but very few in the district, except some with solid stone wheels ill suited for purposes of traffic." To the natural obstacles in the way of traffic were added the obstructions of transit dues.

During the years immediately preceding the British rule, the practice of farming the land revenue had been largely adopted by the Peshwah Bajee Rao, and where it prevailed regularity in assessment and collection was impossible. To quote the words of Colonel S. Anderson of the Ahmednagar Survey:- "The farmer being only desirous of securing a profit left all the interior arrangements to the village officers; and so long as a good round sum was forthcoming from each village no inquiries were made as to the amount of land under cultivation, or the assessment payable, by each cultivator; the actual crops where stacked and stored formed the best criterion of the paying capabilities of the village * * *. The old rates were sometimes retained in the case of Mirás or other holdings that had been long cultivated in the vicinity of the village, but the remaining lands were given out * * * without reference to old established boundaries, rates, or land measures." When the revenue was collected by the Government officials, the assessment was usually settled in the lump with the Patel of the village, who furnished security for the amount,

and was left to collect it without detailed settlements. The payments of land revenue were usually made by drafts of the sowkar who had the chief banking business of the village, and but little was collected in cash. The sowkar usually stood security, and was then allowed to collect the revenue and his own debts together. Beside the land revenue the people had to pay numerous other taxes. Twenty-four cesses are enumerated as payable by the ryots of Poona, and twenty-six as levied in Ahmednagar District. In spite of these unfavourable circumstances the agricultural classes during the period immediately preceding British rule were recovering from the heavy calamities of the wars in the beginning of the century. Their proximity to Poona, in which the wealth of subject and tributary provinces was collected and spent, gave them great advantages. The population was scanty and land proportionally abundant, and much of their wealth consisted of flocks and herds, the produce of which was less exposed to the rapacity of the tax gatherer than the proceeds of cultivated land.

Condition in early period of British Rule.

33. The officers concerned in the settlement of the land revenue of these districts in the first years of British administration formed an exaggerated estimate of their capabilities, and during a period of steadily falling prices based these settlements on a standard exceedingly high even if prices had been maintained. It would not be difficult to account for this over-estimate, but whatever its causes, the consequences were ruinous. A rough survey was made about 10 years after the acquisition of the country, and the assessment was in some cases modified at the same time; but it was not, generally speaking, until nearly 20 years of over-assessment had reduced the agriculture of the country to the lowest point that the remedy was vigorously applied. The following extracts from reports of the officers engaged in the survey and settlement of Poona about 25 years ago show the condition of the people at that time:-

Sir- G. Wingate writes:- "There can be little doubt that the over-estimate of the capabilities of the Deccan formed and acted upon by our early Collectors drained the country of its agricultural capital; and accounts in great measure for the poverty and distress in which the cultivating population has ever since been plunged."

Lieutenant, Robertson writes:- "The condition of the people * * is by no means so impoverished as of those who fell under my notice further eastward in the Sholapur Collectorate, and the existing assessment, though unquestionably too heavy, it is not so intolerable as elsewhere. Wretched though the peasantry be, yet they are some shades better circumstanced in their houses, clothing and personal necessities, and also in their stock and agricultural essentials. The villages are in many places, very dilapidated, and their walls crumbling to the ground. There are 33 chantries, of which 19 are inhabitable and the remainder in a miserable plight. Manufactures cannot be said to flourish, though they pay wages to the amount of Rs: 593-15-11; of schools there are 11 and of shops 188;"

Lieutenant Nash writes:- "The preceding paragraph contains facts that will justify my asserting that this District, like those I have already been employed in, is suffering from the evils that a high nominal assessment, with constant remissions and balances, is certain to produce."

Sir George Wingate again writes:- "Under our management it appears to have recovered little, if at all, from the effect of these calamities; and even now little more than a third of the arable land is cultivated, while the net receipts of Government have not in any of the two last years, as appears from Lieut. Nash's 16th paragraph, exceeded Rs. 16,000; all this betokens a state of abject poverty, and, with the view of fostering and developing the resources of a country so situated, the demands of Government cannot be too much reduced."

And in another place, writing of the assessments introduced, together with the first rough survey about the 10th year of British Administration, he writes:-

"To adopt as a basis of assessment an average of past collections was to admit that the previous settlement was not heavy as a whole, but merely required being properly apportioned, which the yearly increasing poverty and wretchedness of the people, a declining cultivation and a progressive fall in the price of grain notwithstanding a diminished supply, all tended to disprove."

All the above extracts refer to tracts within the disturbed area of the Poona Collectorate. Similarly it is reported by the Superintendent of the Ahmednagar Survey, Colonel Anderson:-

"The rates adopted in 1818-19 proved, as has already been mentioned, much too high, and although they were considerably modified in practice, it was necessary to resort to other remedial expedients to save the ryots from ruin." And again, comparing the District of Kurdeh with another taluka, Colonel Anderson answers:- "The more unfavourable character of the results exhibited must be mainly attributed to a greater degree of over-taxation." The hardship of over-taxation was further aggravated by a laxity that permitted the Revenue officials both to collect and appropriate remission granted and to levy assessment for their own pockets in excess of the authorised demand. The Revenue Commissioner, writing of the district of Indápur in 1834, says:- "I firmly believe that not one half the remission has reached the ryots, and probably the portion of the actual collections that has been paid into the treasury has not been much greater." The economic condition of the agricultural class during the first 20 years of our administration may be concluded from the facts that while population was increasing, the area under the cultivation steadily diminished, and while production was decreasing prices steadily fell.

Condition in recent period of British rule.

34. The re-action in agricultural prosperity under light assessment, and a system at once simple and rigid was as rapid as the decline of the district had been under the opposite conditions. The introduction of the Revenue Survey and Assessment in 1836 marks a new era for the Deccan ryot. The principles of assessment and land revenue administration worked out by the able and distinguished officers at the head of the Survey approved themselves by their results. During the period which followed, the district under report reached a very high standard of prosperity before the year 1860. The condition of the region was in many respects, entirely changed. Instead, of large tracts of land lying waste, all the culturable land was brought under the plough. Population and agricultural capital of all kinds increased steadily. The country was supplied with carts, and good roads abounded, in place of the tedious and wasteful carriage on pack bullocks along a jungle track. The railway, the construction of which poured money into the villages in the wages of labour and carriage, traversed the richest part of the region. Prices of produce and wages increased with a much larger revenue to pay on the larger area of cultivation, remissions became unknown, and more capital was yearly invested in wells and more and more in reclamation.

35. In 1862 began the period of extraordinary prosperity caused by the rise in the price of cotton which followed the American blockade. In those years the ryots would under ordinary circumstances have suffered severely from the constant deficiency in rainfall during five successive seasons. But the abnormal value of produce made the scanty crop of a year of drought equal to the full crop of a good season. The competition for labour made it possible for the ryot and his family to earn the assessment of an ordinary holding by a fortnight's work, and the enhancement of his credit enabled him to borrow sums far beyond the ordinary value of his capital.

36. Such circumstances in the ryot's condition during the periods above briefly reviewed as affect him in his relation to the sowkar or money-lender are reserved for consideration in subsequent chapters of this report, as also are the features of the last period preceding the riots.

CHAPTER III - THE RELATIONS OF SOWKAR AND RYOT, AND THE CAUSES OF DEBT.

The Debtor and Creditor Classes.

37. Before reviewing historically the relations of the sowkar and ryot, it may be well to describe briefly the characteristics of the two classes as presented in the types which figured most prominently in the recent disturbances:-

The Kunbi

The great mass of the agricultural population belongs to the Kunbi caste which constitutes the bulk of the Mahratta race. The ordinary Kunbi of the Deccan is a simple well-disposed peasant, contented with the scantiest clothing and hardest fare. Utterly uneducated, and with a narrow range of intelligence, he is not without masculine qualities, and meets with a stubborn endurance the unkindly caprices of his climate and the hereditary burden of his debts, which would drive a more imaginative race to despair or stimulate one more intelligent to new resources. The apparent recklessness with which he will incur obligations that carry the seeds of future ruin has earned him a character for extravagance and improvidence; but the apparent recklessness is often sheer necessity, his extravagance is limited to an occasional marriage festival, and his imprudence is no greater than that of all races low in the scale of intelligence and civilization who live only in the present. Supposing what we know to be unfortunately not the truth, that his surplus is in any year at his disposal, then to assume that in a good year he will lay by to meet the deficit of a bad season is to credit him with a foresight and self-denial which it is notorious that the

peasantry of even civilized countries rarely display; if any of our laws which affect him proceed on this assumption they will inevitably produce suffering; if it be held that painful experience will teach him prudence, it must also be shown that the suffering is produced by causes which it would not be possible or right to remove, or that it is justified by the results of its teachings upon the sufferer.

The Marwari

38. As the Kunbi represents the agricultural so the Marwari represents the money-lending class. It is remarkable how much of the money-lending business of the district under report is conducted by foreign immigrants. Beside the Marwaris there are numerous Guzerathi and Lingaet Bunniahs engaged in this profession; and although there is a considerable number of Brahmin and Kunbi money lenders, and individuals of other castes, Telis (oil-pressers), Chambaras (leather-workers), Sonars (goldsmiths), and others, who lend money to the ryots, the amount of their business altogether will not equal that of the Marwaris and other Bunniahs. Except a few Brahmins, most of the indigenous money-lenders have other occupations or sources of income, and the Brahmin sowkars of the villages are usually members of the Kulkarni (village accountant) family, and not hereditary money-lenders.

App.C., p.260

Marwari sowkars were already settled in the Deccan in considerable numbers before British rule. They were naturally looked upon with disfavour by the Mahratta Governments as aliens who came to make money out of the people of the soil which they often took away in hoards to their own country; they belong as a rule to the Jain sect in religion, and found little tolerance for their worship before the British rule began; instances are recorded in which temples erected by them were forcibly converted to the purposes of Hindu

worship. Most of the Marwari sowkars are now colonists of the Deccan. Recent arrivals from Marwar are rarely met. Many, however, have immigrated within the last 30 years. They usually begin business as clerks and servants of one of the established sowkars, and after making a trifling capital set up on their own account; thus new shops are continually being, opened. The head-quarters of the Marwar immigrants into the Deccan is the town of Bamburi, a few miles north of Ahmednagar; they have a large community there, and it is the centre of their exchange and banking business. The proportion of Marwaris to other sowkars is much larger in Ahmednagar than in Poona. In some places they enjoy almost a monopoly of the money-lending business, and it is probable that they made more way in Ahmednagar under former governments, being less under the observation of the Mahratta rulers and their Brahmin ministers, than in Poona near the centre of Government.

There can be little doubt that the position of the Marwaris among the Mahrattas, as aliens looked upon with disfavour, has had the effect of making them indifferent to public opinion, and left them more free to use those practices of the money-lender which in all ages and countries have brought a stigma upon the usurer class. The average Marwari money-lender is not a pleasant character to analyse; his most prominent characteristics are love of gain, and indifference to the opinions or feelings of his neighbour. He has considerable self-reliance and immense industry, but the nature of his business and the method by which it is pursued would tend to degrade and harden even a humane nature, which his is not. As a landlord he follows the instincts of the usurer, making the hardest terms possible with his tenant, who is also his debtor and often little better than his slave. The Marwari sowkar has usually sufficient education to draw up his own plaint, and to understand the law and procedure as well as his vakil; he is an excellent accountant and generally

quick-witted in all that concerns his business, but outside of these limits he has no interests and no capacity.

39. The following description of the money-lending classes in Ahmednagar is taken from notes on the subject by Mr. Sinclair, Assistant Collector, and applies with fair accuracy to the same classes in Poona District; but it must be remembered that the proportion of Marwaris to other sowkars is much larger in Ahmednagar than in Poona, and that in Ahmednagar the sowkars show a desire to hold the lands of which they acquire possession, as Government tenants, by having the occupancy transferred to their names, which is not often the case in Poona.

Mr. Sinclair writes as follows:-

App.A., p.294

"The capitalist classes are, first and most numerous, the small traders and money-lenders of the villages, chiefly Marwaris and Guzers, with a few Lingaits and Vaiswanis and others. These advance grain for seed and subsistence, and money upon pledge, mortgage, or good security. The 2nd class are the rich bankers or traders of large towns, among whom, besides the races mentioned, are found a good many Brahmins chiefly of the Yajur-vedi Deshast caste. Those kulkarnis who are moneylenders are generally closely affiliated to these Brahmin bankers as in the unfortunate village of Ghospuri, the kulkarni family of which chiefly live at Nagar, where their principal shop is. They are also much connected with the vakils and to some extent with the official class. They deal much less in advances of grain than the traders of lower caste and have a much greater taste for getting land into their own hands and names than the immigrant traders. As the kulkarnis are connected with these, so are the small Bunniahs of the villages mentioned in the first class often mere jackals to their richer caste fellows in towns. The third class consists of

cultivators who have kept out of debt and are able to make small advances in money and grain to their neighbours.

"The first class are particularly odious to the people, and on them fell the main weight of the late troubles. The second class are less unpopular. In the first instance they deal less directly with, the poor ryots, who are accordingly less reminded of them by daily dunning. Secondly, those who are Brahmins derive some advantage from their caste and community of country and religion; and thirdly, as these sometimes aim more at the land than at money, there is an end of the business when they have got that, and the former possessor lives on as tenant, screwed and rack-rented indeed, but a good deal better off than the bond slave of the village usurers. These circumstances and the invariable presence of the police in large towns prevented this class from feeling the weight of popular indignation last May and June to anything like the same extent as the first. They are, however, as a body fat lazy rogues, bad landlords, and the most intriguing and scheming lot in the country.

"The third class of money-lenders, those sprung from the ranks of the people themselves, are often grasping and dishonest enough, but their debtors deal with them much more on an equality, and community of race and residence not only has a tendency to make them easy in their dealings, but brings any unusual villainy under the ban of the public opinion of the caste and village. These are for the most part skilful cultivators and good ryots to Government. They were sometimes threatened during the riots, but I am not personally aware of their having been in any case really injured in any way, and it is not necessary to refer further to them in this report.

Historical review of indebtedness.

40. The earliest record shows that indebted-

ness was common among the Deccan ryots when their country came into our hands. Mr. Commissioner Chaplin, reporting on the newly acquired Deccan districts in 1822, writes:-

App.C., p.260

"The ryots in many villages, though usually frugal and provident, are much in debt to sowkars and merchants owing to the oppression of the revenue contractors; many of these debts are of long standing, and are often made up of compound interest and fresh occasional aids which go on accumulating so as to make the accounts exceedingly complicated; a ryot thus embarrassed can seldom extricate himself. His exertion may be compared to the hellish torments of Sisyphus, who had no sooner rolled his burthen to the summit of the hill than it fell back upon him with redoubled violence. *** The Mirás* fields of ryots are sometimes mortgaged for these debts."

Again he writes: "The collector of Ahmednagar, notwithstanding some embarrassments, is of opinion that there is an universal tone of satisfaction among the ryots resulting from the improvement of their condition, and he thinks that they are gradually extricating themselves from their difficulties. The general feature of the picture is correct; but it is perhaps charged with colours a little too brilliant. He thinks that complaints against them from the sowkars are decreasing, but this circumstance is partly to be ascribed to many of these debts having been declared inadmissible."

These debts were of two kinds, public and private. "The public debt of the village community arose usually from advances or loans made to the Mahratta Government to be recovered with interest from the revenues of villages assigned to

* Mirás tenure comprised a right of occupancy at the customary rate and other privileges distinguishing it from the ordinary tenancy-at-will.

the State creditor: the private debts were the result of the system before mentioned by which the collection of the State dues was made through sowkars, who usually recovered in kind what had been paid in cash and drafts. It has been shown that the great mass of the agricultural population had no such interest or title in their land as to afford security for large debt. Mr. Chaplin indeed mentions that "Miras holdings are sometimes mortgaged," but in another place he estimates the selling value of Miras land at not more than two or three years' purchase, and states that land yielding Rs. 200 of gross produce can seldom be mortgaged for more than Rs. 100. The usual and recognized method for recovery of debt was for the sowkar to tend a Mohosul, that is, a servant whose maintenance had to be paid daily by the debtor, or to place a servant in "Dharna" at his door (which is the process called "Tuquaza" by Mr. Chaplin), or to confine the debtor in his house or otherwise subject him to restraint and even severer measures. It is plain that such methods could not be put in force against any but the humbler class of debtors, and doubtless the ordinary dealings of the sowkar and ryot were based rather on the ascertained result of experience teaching each his own interest than on any power of compulsion in the hands of the creditors. The ryot's constantly recurring necessity could not be relieved unless he maintained his credit by good faith, and on the other hand the sowkar had no support from without to look for in exacting more than a fair profit, which, considering his risks, would be also a large profit. Honesty was the ryot's best policy, and caution was a necessity to the money-lender.

41. The condition of the ryot as regards his relation to the money-lender when British rule commenced may be summed up as follows:-

1st- There was a considerable burden of debt, and many of the ryots were living in dependence upon the sowkar, delivering to him their produce and drawing upon him for necessaries.

2nd- The ryot's property did not offer security for large amounts; his cattle and the yearly produce of his land being the lender's security, the mortgage of mirás land was rather a means by which the sowkar got a firmer hold upon the produce than upon the land itself, for immovable property was not sold for debt, and the mirás title would have no value for a non-agriculture landlord.

3rd- Rates of interest were very high, and much of the debt consisted in accumulations of interest.

4th- The causes of indebtedness were chiefly the revenue system, and sometimes expenditure on marriages or such occasions.

5th- The amount of individual debt was usually moderate.

6th- The sowkars were usually men of substance, maintaining establishments employed in dunning and looking after debtors.

7th- The creditor received little or no assistance from the State in recovering debts, but had great license in private methods of compulsion.

Relations of Sowkar and Ryot.

First Period of British Rule.

42. Under British administration this license was curtailed, and courts presided over by the collectors were open to suitors, but the sowkars did not at first have recourse to them; this and other causes referred to by Mr. Chaplin in his report caused a contraction in the sowkars' dealings. In a district such as this, however, with a rack-rent assessment, the ryot's necessities compelled him to keep on terms with his sowkar, and the ordinary Kunbi debtor even of the present time does not often repudiate debt; it does not appear, therefore, that the contraction of credit which followed the introduction of British rule was more than temporary, while the fall in prices, with the high rate of assessment maintained, must have made the ryot's need of the sowkar even

greater than before. We have not been able to find any record bearing on subject for the years immediately following Mr. Chaplin's report, but it is certain from subsequent information that the burden of debt grew rather than declined before the introduction of regular courts and procedure.

Second Period under Regulation.

43. In 1827 the first regular procedure for the administration of civil justice was introduced into Bombay Presidency by Regulations II, III, IV, and V. Regulation IV provided the procedure, and Regulation V limitations for civil suits. They contained clauses which will be referred to and may be noticed here. In Regulation IV the cattle and implements necessary for the support of the agricultural debtor were declared exempt from seizure on account of debt. Regulation V limited the rate of interest recoverable in a Civil Court to 12 per cent per annum. When the new courts came into operation, the ryot had no title in his land except in the case of mirás tenure, and the revenue demand was still crushing. These circumstances left but little security to the sowkar for debt not speedily realised, and the courts afforded the means for speedy realization; we find accordingly that they soon began to be resorted to.

App. A., p. 2. Extracts from Record of 1843.

44. The first full record bearing on the subject is the result of an inquiry made in 1843 by the Revenue Commissioner of the Northern Division. The substance of the Collector's reports are given in the Appendix. The Collector of Poona, after premising that it is well known that all enactments to fix a lower than the market rate of interest have had the effect of enhancing it, proceeds to state that money in this country is frequently borrowed, on mere personal security at from 35 to 60 per cent; and when it is considered that the borrowers seldom possess any property, it appears to him rather surprising that they should be able to procure credit at all than that the rate of interest should be so high. Messrs Frere and Rose, the Collector's assistants, also submitted reports. Mr. Frere states there are few villages in the two *parganas* under his charge in which there is one ryot unburdened with debt, and scarcely a single

village in which three persons could be found not involved for sums above Rs. 100. These debts, he says, are contracted on occasions of marriages and other rites, the interest charged varying from 25 to 60 per cent. Mr. Rose observes that the usurious character of the village *Bania* is notorious, and he attributes the poverty of the Deccan ryots in a great measure to his rapacity; he is afraid, however, that it will be difficult to remedy the evil effectually, as the ryots consider the Bania almost necessary to their subsistence, and their thoughtlessness and ignorance would render it easy to frustrate any attempt to check or put a stop to his exorbitant gains. The interest agreed upon in cases where the ryots are concerned is generally enormous, and the agreements are often fraudulently procured.

The Collector of Ahmednagar wrote that the measures which Government had from time to time adopted for the relief of the agricultural ryots had only made the money-lenders more rapacious and unrelenting. Bonds were renewed at exorbitant rates, the interest and principal being entered in the fresh bond, and he instances a case in which a loan of Rs. 61 was made to run up in 14 months to Rs. 189, and a decree was given against debtor.

The Collector of Kaira stated that money was, advanced at 12 per cent interest, besides a premium deducted from the loan, of from 1 to 6 per cent:

"The money-lenders favour the ryots with loans at 12 per cent interest as allowed by our Civil Regulations, besides which they generally receive a premium (which is deducted from the loan) and varies from 1 to 6 Rs. per cent according to the credit of the borrowers.

"There are in this zillah about 50,000 cultivators of Government land, one-fourth of whom, or 12,500, are in a condition to dispense with sowkar aid by being possessed of sufficient funds of their own but the remaining

three-fourths, or 37,500, cannot, I imagine, carry on their affairs without the assistance of money-lenders. Of this latter number about two-thirds, or 25,000, are regular in the payment of the sums borrowed from the sarafs, and consequently no suits are filed against them, nor are they obliged, to pay higher interest than from 6 to 9 per cent; whilst the rest of the ryots, about 12,500, are so strained in their circumstances as not to be able to discharge their debts punctually, and are therefore required to pay 12 per cent interest on sums borrowed, besides a premium of from 1 to 6 Rs. per cent, which is always added to the loan, and the bond passed is for the total amount inclusive of the premium, which, however, is not mentioned therein. Again, when the time for payment arrives, and they are not prepared to answer the demand, the sowkars insist on a fresh bond being passed for the amount of the debt with interest thereon, besides whatever other sum the ryots will consent to be added for the credit and forbearance, the whole again running on at 12 per cent interest till liquidated. *** The average number of attachments in this zillah is about 1,000 annually.

45. It will be observed that in this correspondence the attention of the officers reporting was usually fixed upon the question of usury. The Collector of Kaira indicates that the debtor class were beginning to feel the pressure of legal processes; he states that 1,000 attachments* had issued during the year, and that the debtors renewed bonds with a premium "for forbearance." The Collector of Ahmednagar also mentions the conversion of a usurious loan into a decree, and the Collector of Surat notes that the law regarding enforcement of decrees was worked, by combination of the sowkar class, to the prejudice of the

judgment debtor; but the Collector of Khandesh does not suppose that the money-lenders resort much to our courts.

On the whole it is evident that the burden of debt was not as yet aggravated to any degree of severity by the operation of the law. This was to be expected, for the ryot generally had no title in his land except that conveyed by the mirás tenure, and his agricultural stock and implements were protected from legal seizure. Other points that call for notice in this correspondence are:- *1st* That the money-lenders are spoken of as "the village Bania", the "village sowkar," and in similar terms, indicating that as yet the long established money-lender of the community was the only sowkar with whom the ryot had to deal. *2nd* That expenditure on marriages, caste rites, and similar occasions is generally assigned as the cause of indebtedness. *3rd* That those districts which at the present time are most debt-ridden furnish the most unfavourable reports.

The evidence of the records from 1850 to 1858.

46. We have seen that about the time when this inquiry was made the period of prosperity which followed the introduction of the survey and settlement, and of a sounder and more liberal system of revenue into the Deccan, had already commenced. The favourable features of that period have been noticed above. Strong inducements existed for the ryot to increase his agricultural operations, and the sowkar found enhanced security and ready machinery for recovery to encourage him in loans. We find accordingly in the record relating to this subject from 1850 to 1858, two features which had already become marked characteristics of the relations of sowkar and ryot under the altered conditions of our revenue and judicial systems. These are the growth of small capitalists engaged in money-lending, and the unequal operation of our laws to the disadvantage of the ryot. The

* In 1873, 4,926 attachments issued from the subordinate courts in Kaira.

appendices deal fully with the relations of the sowkar and ryot from 1848 to 1858, but in illustration of the above remarks the following passages are extracted. The Superintendent of the Ahmednagar Revenue Survey, Captain G. S. Anderson, writes:-

App. A, p. 8.

"The country has not hitherto derived that benefit from the Marwaris which it would do from respectable and permanently resident capitalists. **** The people are much preyed upon by needy adventurers, and there is a great deal of reckless and fraudulent trading carried on, which appears to me not only to entail much injury and oppression on the ryots, but also subjects the traders themselves (at least the honest subjects of them) to loss. No one could object to the legitimate employment of capital, but at present the doings of the Marwaris far exceed the limits of fair trading, and in many localities it does not appear to be so much their object to trade with the ryots as to get them, by fair means or foul, into their hands, so that they may use them as mere tools in the acquisition of fortunes. For instance, a ryot may borrow two mounds of grain, the price of which is, say, Rs. 2 or Rs. 3. This, by tricky proceedings on the part of the Marwaris, is converted into a money debt of Rs. 12, and subsequently, by the writing out of new agreements, it gradually increases to Rs 50 or upwards. In this manner a ryot becomes so entirely involved that it is not in his power to extricate himself by any honest exertion of his own, and he either remains in a slavish state of poverty and indebtedness, or should he show signs of resistance to the Marwari's continued exactions he is dragged into court and ruined, to deter others from proving disobedient."

App. A., p. 89.

Again Captain (now Sir G.) Wingate wrote, in 1852 :-

"The facilities which the law affords for the realization of debt have expanded credit to a most hurtful extent. In addition to the ordinary village bankers, a set of low usurers is fast springing up, by whom small sums are lent for short periods at enormous rates of interest to the very lowest of the populations who have not credit enough to obtain advances from the more respectable of the village bankers. All grades of the people are thus falling under the curse of debt, and should the present course of affairs continue, it must arrive that the greater part of the realized property of the community will be transferred to a small monied class, which will become disproportionately wealthy by the impoverishment of the rest of the people. No greater misfortune could befall any nation than this, by which the many are made miserable in order that the few may be pampered. And yet this is the inevitable tendency of the existing relations between debtor and creditor in our presidency."

App. A. p. 16.

In 1858 the Revenue Commissioner, Mr. Inverarity, submitted to Government a report from the Collector of Ahmednagar in which the following passage occurs:-

"The aid given by our courts is all on the side of the Marwari, who alone knows how to turn that aid to his own advantage. The position of the litigants is not, therefore, simply of debtor and creditor, it is the fraudulent Marwari, backed by civil courts, versus the helpless ryot, signing any bond without even a true knowledge of its contents, and powerless to oppose any decree that may be passed. This matter keeps up a constant irritating sore throughout the society, and the whole onus is thrown by the people on the civil courts, whereas it is the law which is at fault in assuming that debtor and creditor in this country to be equal, while they are rather in the position of master and slave. The question is one of vital importance both to Government and the people.

Even the passive society of the East cannot bear so great a burden without making from time to time convulsive efforts to shake it off. These efforts must increase in frequency and strength, unless the Legislature seriously take up the evil and applies the knife to it."

On the Revenue Commissioner's letter the Governor in Council recorded the following resolution:-

"His Lordship in Council entertains no doubt of the fact that the labouring classes of the native community suffer enormous injustice from the want of protection by law from the extortionate practices of money-lenders. He believes that our civil courts have become hateful to the masses of our Indian subjects from being made the instruments of the almost incredible rapacity of usurious capitalists. Nothing can be more calculated to give rise to widespread discontent and disaffection to the British Government than the practical working of the present law. The attention of the Legislative Council on the subject should be requested, and copy of the Revenue Commissioner's letter forwarded for their consideration."

The subject was then again for a time dropped.

Repeal of limitation of interest, 1855.

47. It had become well known that the regulation restricting the rate of interest recoverable to 12 per cent was evaded by the money-lenders by the deduction of discount or more properly of interest taken in advance, from the consideration given to the debtor. The usury law had the natural effect of placing the debtor in a worse position by the introduction of a practice which has survived its cause, by which the debtor is compelled to co-operate in a fiction to evade the law; for the bond acknowledges receipt of a consideration

which has not actually passed. In 1855 accordingly an Act was passed repealing the restriction on interest.

Acquisition of land by sowkars.

48. As another natural result of the enhanced value of agricultural investments caused by the survey settlement, we find the practice of raising money on mortgage of land gradually making way and private transfer to sowkars occasionally resorted to. Such transfers were doubtless made in liquidation of debt, and not for the purpose of raising money, as no cultivator would part with his land altogether for such a purpose. It must be presumed, therefore, that the money-lender in such cases compelled the transfer by threat of imprisonment or other alternative having terrors for debtor. The following figures show the growth of money-lenders' property in land in the district of Poona as exhibited in the accounts of 24 villages, and illustrate the above remarks, as do also the results of the Commission's inquiries given in the Appendix.

App. C., p. 200.

In the 24 villages mentioned the number of occupancies held by sowkars in the years 1854, 1864, and 1874, with their area and the assessment payable at each period were as follows:-

	1854.	1864.	1874.
Number of Khatas	164	203	272
Area in acres	4,001	5,292	10,075
Assessment	1,924	3,721	7,134

In noting these figures it must be remembered that during the latter part of the period embraced there was but little unoccupied waste, and the increase in sowkar holdings implies a corresponding decrease in those of the cultivating class. It will be observed that the increase in the assessment is greater than that in area, showing that the better class of lands was passing into the

sowkars' hands, and further that the increase in the number of *khatas* indicates an increase in the number of sowkars, the particular feature of our subject which was dwelt upon above. The rate of increase in the area of land held by sowkars was much greater in the district of Ahmednagar than in Poona.

Procedure before 1859 more favourable to debtors.

49. Although the property of the money-lending class in land was thus increasing, the sale of occupancies under decree was rare; this was probably due to several causes. In the first place the people had not acquired full confidence in the title given by the survey settlement, probably hardly had confidence as yet in the stability of our rule; the only land-sold was mirás, which was held by a recognized title familiar and reputed to be safe. It is not often the interest of a creditor to sell his debtor out of his holding; as the ryot's agricultural stock and implements were protected from sale, he could not be pauperised, and was likely to be more productive if left in possession of his land, the creditor securing the fruits of his labour, than he would be as a mere tenant. The sale of immovable property for debt was opposed to usage and public opinion, and unless the land was directly made security, the courts would be reluctant to have it sold whenever the claim might be satisfied by other means more consonant with native usage.

The returns of the judicial work of Poona and Ahmednagar clearly show how far the method of disposing of business in the courts before 1859 was favourable to defendants, by comparison with the more strict procedure introduced in 1859. The suits in subordinate courts adjusted without judicial action averaged a proportion of 1 to 4 to those actually heard. Thus in the Munsif's courts of Ahmednagar in 1850, 2,395 suits were adjusted or withdrawn against 9,048 decided. In 1859 as many as 4,538 suits were adjusted or withdrawn

against 15,622 decided. In the Poona Munsif's courts 2,055 suits, were settled in 1850 against 6,838 decided, and in 1859, 1,869 were settled against 8,191 decided. The rate at which the growing work was disposed of in this district is well indicated by the proportion of suits left undisposed of at the end of the year. In Ahmednagar District in 1850 suits to the number of 16,560 were filed, and at the end of the year 3,473 remained on the file; 1858, 25,357 suits were instituted, but 10,400 remained, on the file at the end of the year. In Poona District 13,008 suits were filed in 1850, and 2,400 were left on the file at the end of the year. In 1858 there were 13,742 suits filed and 5,395 undisposed of at the end of the year.

Increase of suits for debt following on the survey.

50. It is to be regretted that returns cannot be obtained for the years previous to 1850, showing how the period of returning prosperity in the Poona District was illustrated by the work of the civil courts; but the figures for Ahmednagar which embrace the years of the introduction of the survey settlements into that district show very clearly the connexion between the improvement of agricultural securities following the settlements and the expansion of litigation on accounts of debts. The first three years of the period in our return (1850-1-2) saw the survey settlements introduced into Ahmednagar (the district at that time included a portion of the present Nasik Collectorate), and it will be remarked that an immediate and considerable impetus was given to litigation. There was a temporary re-action in the expansion of agriculture in 1854, the people having taken up more land than they could cultivate, and accordingly we find the work of the courts is reduced during that year and the next, only however to increase again until the number of suits in 1859, had reached 25,136 as compared with 15,633 in 1850.

The returns show that the imprisonment of the debtor was a favourite method of procuring settlement of debt. It has been stated that the sale of land was rarely resorted to, and the realization by the sale of the debtor's house was noticed as an innovation; imprisonment would therefore be more often used. During the three years from 1850 to 1853 there was an average of 530 civil prisoners in Poona Jail as compared with an average of 204 in the years from 1860 to 1863, and in Ahmednagar an average for the same periods of 49 as compared with 29.

The ryots prosperous in 1860.

51. Notwithstanding the pressure of debt, and the hardships inflicted by the laws upon the ryots as shown in the extracts alone, there can be little doubt that about 1860 the agricultural classes of the Poona and Ahmednagar Districts were on the whole in a far better position than they had been for years. The conditions of agriculture had been favourable; in the former district for nearly 20 and in the latter for nearly 10 years they had enjoyed a fixed assessment at moderate rates, large tracts of waste lands had been available for extended industry; not only were ordinary communications and means of transport improved, but the railway had been brought within easy reach, the construction of this had poured into the district a sum of not less than 20 lacs in wages of transport and labour; and above all a series of good seasons had brought ample return to the ryots for their industry. Although, the sowkar might have recourse to the Civil Court there was a possibility of the ryots being able to borrow from another in order to pay him, and the court would give time; if a decree passed against the ryot, his stock and implements were safe and his land not in real danger; he might be imprisoned until he signed a new bond, but was not likely to be pauperised.

App. A., p. 18.

The degree to which the general prosperity affected the relations of ryot and sowkar it is not easy now to estimate. The Collector of Ahmednagar, writing in 1862, states that some of the people admit having freed themselves from debt, and it is probable that the more provident ryots and those with the least previous debt had reduced their liabilities to such a point that they felt no concern and were subject to no annoyance on account of them. This is still the condition of a large number of the ryots in the district with which we are concerned, and it seems probable that the period of prosperity did little more than bring into prominent distinction the class of well-to-do solvent agriculturists, whose circumstances allowed them to emerge quickly from the general level of poverty to which all had sunk. More information is required as to the class of borrowers to which the bulk of the agricultural population should be assigned before any sound conclusion can be drawn as to how they would be affected by the reduction in the rate of interest which the Collector states had taken place before 1862.

Viewed in the light of the same officer's report of four years previously (1858), and of the recorded opinions of other officials relating to the same period, the conclusions drawn by the Collector of Ahmednagar in 1862 must be regarded as reflecting somewhat too strongly the general tone of prosperity and well-being which his district exhibited as contrasted with its condition when he had first known it 16 years before. Such apparent prosperity and actual material increase of wealth is not inconsistent with the existence of a vast amount of debt; debt might act as a stimulus to increased effort so long as extended cultivation and fair prices made production profitable; additions to the material wealth of a country are not the less real because the capital employed in their production is borrowed, and because a sudden check in his rate of profit may ruin the

producer. As bearing on the question of the ryot's condition 15 years ago, we have to remark that in a statement appended to the memorandum of Mr. Shambhu Persad (see Appendix) a number of ryots are returned as owing *nothing*, at that time; in the face of the evidence collected by the Commission and drawn from the contemporary record, we cannot place reliance on this part of the statement. A ryot who did not owe more than one or two years' surplus would call himself out of debt.

The Procedure and Limitation Acts of 1859.

52. The relations of the ryot and sowkar in 1858 being such as we have shown from the contemporary record, in 1859 two enactments passed through the Legislature which have aggravated the mischiefs there complained of. These are the Civil Procedure Code and the Statute of Limitations. The consideration of the effect of these measures upon the indebted classes belongs to another branch of our subject, viz., the causes and consequences of the ryot's indebtedness; and we have now brought our review of his relations to the money-lender to the point where it requires to be treated with direct reference to the present state of those relations as illustrated by the riots. To avoid reiteration of the same topics we propose to pass at once to this subject, the consideration of which will lead us to the period immediately preceding the recent outbreak.

Causes of Debt.

Poverty.

53. Enough has been said in a previous chapter of this report to show that we are dealing with a region of a very low standard of productiveness and with a poor population. The estate of an ordinary Kunbi ryoti, exclusive of his land and its produce, has been estimated by competent authority to be of little more than Rs. 200 in selling value; it will be somewhat as follows:

	RS.
Live stock	125
Implements and utensils	20
House	50
Miscellaneous	20
	<hr/>
Total	215
	<hr/>

The recorded results of personal inquiry by the Commission, as shown in the Appendix, prove how many of the population are possessed of less than the above average. With the exception of the land all the items of the estate are subject to depreciation, and imply yearly charges for maintenance and renewal. The people being thus possessed of very little besides their land, what kind of income does that yield them? It has been seen that the two crops, bajri and jowari, form the great bulk of the agricultural produce; in a large portion of the area under report they constitute eight-tenths of the whole. Supposing that the rainfall was sufficiently constant to ensure a moderate return every year, it would still be inevitable that the Kunbi should draw the whole of his year's income from land in the lump during the two months of harvest. As, however, there is one year of drought in every three over much of the region, and a good crop also only once in three years, it follows that the income yielded to the Kunbi from his land is received *in full* triennially instead of annually. It is everywhere a serious aggravation of their ill fortune to the cultivators of indifferent soils that, their land yielding only one kind of produce, they receive the whole return in a lump, while better soils that admit of a variety of crop enable the cultivator to spread his receipts over six months of the year. This evil, as we have seen, is intensified for the ryots of the disturbed district by their capricious climate. It is hardly possible to conceive any conditions more certain to produce indebtedness among the poorer classes than these. When to these conditions is added the variation of the value of the ryot's produce, which leaves him in absolute uncertainty at seed time what his crop will be worth if he get one, it is apparent that no great degree of improvidence is needed to account for his indebtedness, but rather

that considerable industry supplementing the income of agriculture, and considerable frugality in living, must be presumed in order to account for the large number of Kunbis who are not burdened with debt.

Improvidence.

54. It would be idle to say that improvidence does not exist as a cause of indebtedness. It consists, however, rather in the short-sighted imprudence of an ignorant class ready to relieve present necessity by discounting future income on any terms, and unable to realise the consequences of obligations foolishly contracted than in an extravagant expenditure or misapplication of income. The results of the Commission's inquiries show that undue prominence has been given to the expenditure on marriage and, other festivals as a cause of the ryot's indebtedness. The expenditure on such occasions may undoubtedly be called extravagant when compared with the ryot's means; but the occasions occur seldom, and probably in a course of years the total sum spent in this way by any ryot is not larger than a man in his position is justified in spending on social and domestic pleasures. The expenditure forms an item of some importance in the debit side of his account, but by itself it rarely appears as the nucleus of his indebtedness. The sums usually spent on these occasions have probably been over-estimated, or the operation of other causes in producing debt have been overlooked by the officers who have attributed the ryot's burdens so largely to this cause. This oversight would indeed be a natural consequence of the fact that it is only on marriages or similar occasions that expenditure by a Kunbi comes under observation. The amount spent by a Kunbi of average circumstances on the marriage of his son is from Rs. 50 to Rs. 75, a sum which by itself, even at 24 per cent interest, could be repaid without much difficulty if his average margin of profit was not forestalled by other debt, and he were treated with fairness and moderation by his sowkar. The

constantly recurring small items of debt for food and other necessities, for seed, for bullocks, for the Government assessment, do more to swell the indebtedness of a ryot than an occasional marriage.

Inherited debt.

55. As a matter of fact the ryot's surplus is in the majority of cases already forestalled. Even those who are in fair circumstances and solvent have usually to maintain their credit by handing over all that can be spared of their crop "on account" to their sowkar, and the poorer must do so under pain of civil process. As we have seen in our review of the ryot's past condition there has never been a time when a large proportion of them were not under the burden of debt, and their present indebtedness is in great part a legacy from their forefathers. The inquiries of the Commission enable us to state with some measure of certainty that the chief cause of the present indebtedness of the ryot is *ancestral* debt.

Stimulus to borrowing given by survey settlement contemporary with stimulus to lending given by increased facilities for recovery.

56. It was hoped that the permanent title and the light assessment guaranteed by the survey settlement would so far increase the ryot's profits and stimulate his industry that by degrees he would free himself from the debt which hung round him. The increased production and the stimulus to agricultural enterprise did indeed follow as anticipated, but debt instead of diminishing increased. We have seen that the facilities for recovery of debt offered by our civil courts had called into existence an inferior class of money-lenders dealing at exorbitant rates of interest with the lower strata of the agricultural poor. As the value of the ryot's title under the survey settlements came to be recognised, and his eagerness to extend his cultivation grew accordingly, a fresh start was given to the money-lender

in his competition with the ryots for the fruits of the soil. The bulk of the people were very poor and the capital necessary for extended cultivation could only be obtained on the credit of the land and its produce; existing debt left but little margin of profit to the ryot even under the reduced rate of assessment; this margin would go but little way to cover his increased needs for the stock, seed, and assessment of new cultivation. While his return in produce for the first year or two would be but nominal, even the most cautious could not be expected to wait for accumulation or profits to take up fresh land for fear that the more wealthy or reckless should be beforehand with him, This too sudden extension of cultivation following the survey assessment was prominently noticed by Mr. Hart in 1841, and we have seen how in the Ahmednagar district it was so excessive as to cause a re-action in the third and fourth years after these settlements.

Increase of population.

57. The increase of the population taken as a sign of prosperity has been a subject of congratulation with the officers who have recently had to deal with the revision of assessment in the Poona District. It is doubtless a feature in the history of this region which as much as any other marks its changed condition during the last 30 years. The returns show an increase in population of about 45 per cent in that period, and it is possible that the ratio of increase is progressive rather than uniform, as the spread of vaccination, sanitary precautions, and facilities for medical treatment have reduced the virulence of epidemics, and improved communications have made dearths impossible and facilitated access to the markets for labour. We have seen that cultivation has reached its limit. The area of six cultivated acres per head of agricultural population must, considering the precariousness of the climate, be taken to mean that the produce of a good season of but three acres is available to each person of the cultivating class, half of the area of six acres

being deducted on account of bad seasons, and the average yield being thus reduced to about half a *good* crop per annum. Comparing this with Guzerat, where the rainfall is rarely deficient, we find that each member of the ryot's family here has yearly the net produce of three acres of 8 annas assessment, while in Guzerat, each person has the produce of two acres of Rs. 2-13-4 assessment; the former paying Rs. 3, the latter Rs. 5-11, to Government, the net produce being in the case of the latter both of much higher value and having the additional advantage of not being received all at once. It has been estimated that the yearly cost of food and necessaries to each member of a Kunbi's family is about Rs. 25. Admitting that the food consumed by his family does not cost the ryot the market value, it is nevertheless plain from the figures of estimated yield of land shown in paragraph 31 that in a year of average rainfall his receipts from six acres, two of each kind of soil, will leave a very narrow margin for Government assessment and expenses, amongst which the interest on the sowkar's loans in bad years must count as a current and unavoidable charge.

Produce of land not alone sufficient for the Kunbi's needs.

The deficit which frequently exists is made up by the produce of stock and of the dairy, and by the labour of the Kunbi and that of his family and of his cattle. In illustration of this it may be noticed that the Collector of Ahmednagar reported that, owing to the drought and failure of crops in 1871, the agricultural population had to a great extent left their villages in search of labour for their maintenance. This exported labour must be looked upon as maintaining the solvency of the district, for little else is exported. The railway is not used for the export of produce. As stated by the superintendent of survey regarding the ryots of Bhimthari district, the practice is to save the surplus of a good season to meet the deficiencies

of bad years. A little produce is sent to Poona in carts for local consumption, but the food grain of the region is consumed by the inhabitants.

Industry and enterprise being discouraged by pressure of debt, production is not increased.

58. The normal effect of a pressure of population upon land is that so soon as extended cultivation has reached the limit of profitability, the cultivating class endeavours by improved agriculture and increased industry to obtain more from the soil. This result is under the present conditions not to be looked for here; on the contrary, there is a widespread belief that land is not so productive as it used to be. That their present state of indebtedness prevents the ryots from making efforts to improve the out-turn of their land there can be no doubt. Writing of the Ahmednagar ryot more than 20 years ago, Lieutenant Burgess of the Survey says, "As long as the ryot is in the hands of the money-lender, how can he prosper being so involved. Should he do so, his prosperity would only make the usurer the richer without materially, if at all, increasing his own resources." This lesson the ryots have apparently now learnt; they find that the lands, broken up and the wells dug with borrowed capital yield a profit only to the sowkar. To use Sir G. Wingate's words, "the ryot toils that another may rest, and sows that another may reap."

App A, p. 228.

The result has been well shown in a report from the Irrigation Department dated 16th June 1875. It was found that the ryots did not use the water of the Lakh Canal, an important irrigation work in the Ahmednagar District. The Executive Engineer for Irrigation reported to Colonel Merriman, the head of his department, on this subject as follows:- "While on the canal I questioned the ryots closely, and they stated that without exception they were all deeply indebted to the money-lenders, who get as much as possible in

the shape of interest on money lent out to each landholder at harvest time. They stated that a very large portion of the value of each crop goes towards paying interest on their debts, and that they are arranged from taking more trouble than necessary with the cultivation of their land; I consider it very probable that this is the reason why so little is done towards extending irrigation on this canal." The Assistant Collector in charge of the District, Mr. Blathwayt, writes on the same subject to the Collector of Ahmednagar:- "I believe the fact is that the holders of land under the Lakh Canal are generally poor. Their lands have been mortgaged to sowkars who take away the products of the fields for interest of the money lent, and the poor landholders have to trouble themselves for nothing; they have to pay for the water, but could not get the profits to themselves, and consequently do not care to use the water." On the above Colonel Merriman, the Chief Engineer for irrigation, remarks:- "The reason given by Mr. Blathwayt is a very sufficient one. The district is very thinly populated, and the indebtedness of the cultivators no doubt explains why the progress of irrigation is so slow."

Productiveness said to be diminishing.

59. Whether the land itself now yields less than formerly it is impossible to determine with certainty. Possibly the belief generally held on this point is in some measure due to the fact that, as cultivation extended until it embraced the poorest and most unprofitable soils, the general average of returns per acre diminished. The estimate of the cultivator was formerly based on the return of the better lands; he has now to include much inferior soil, but has not proportionately reduced his expectations.

The following causes, however, may have operated to decrease the actual out-turn of land in cultivation. A consequence of the payment of assessment by registered holdings instead of by

actual cultivation is the discouragement of fallows. The ryot having nothing to pay for his wastes could well afford to let his land rest and cultivate portions in rotation. During the early period of our administration, the lands of this region were, as has already been noticed, largely devoted to grazing purposes, and there was no direct Government demand upon the wastes so used. The encouragement given to cultivation by the survey was accompanied by a discouragement

to grazing, through the right pasture being made subject to purchase from Government. The supply of manure from flocks and herds, the demand for which should have increased with the increase in cultivation, diminished, and doubtless with it must have diminished the fertility of the soil. The following table shows the decrease in non-agricultural stock as shown in a comparison of the census of 1843 with that of 1873 for 219 villages of Ahmednagar Collectorate:-

Cows			She-Buffaloes			Sheep and Goats		
Census of 1843	Census of 1873	Decrease	Census of 1843	Census of 1873	Decrease	Census of 1843	Census of 1873	Decrease
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
25,829	23,820	2,009	4,848	4,411	437	68,700	52,294	16,406

Thus it will be seen that, while increasing population demands more from the land than it yielded 40 years ago, the conditions of agriculture have not tended to increase its fertility, and indebtedness has taken away the natural motive to industry-the hope of gain-and thereby prevented relief from the increasing pressure being sought in improved cultivation. We are dealing now with the causes of indebtedness, and have been led to dwell upon one of its consequences; the case is only an illustration of the familiar fact that the consequences of an evil often tend to reproduce it.

Emigrations as a result of increased population.

60. Another method in which relief from the pressure of increased population might naturally be sought is emigration. The habits and instincts of the Kunbi make him most averse to leave his village except for a short absence; but we have lately seen a remarkable case in which 19 cultivators with their families, in all 66 persons, most of them inhabitants of Poona District, and many from villages in the area under report, went into Khandesh hoping to find work at Jalgaon, where there is a railway station with large traffic; failing

in this they were already on their march to Indore to apply for land under H. H. Holkar, when they were met by Mr. Pollen, the Assistant Collector in charge of the district, through whose means they were settled on waste lands in Khandesh. The cause of their leaving their homes, they informed Mr. Pollen, was that "their lands had gone and their creditors were merciless." In this case it is true the emigration was directly caused by the consequences of debt, and in so far as the creditors of these men had taken from them their yearly produce of their property unfairly, so far was the pressure which forced them to emigrate due to other causes than the increase of population; but at the same time the operations of this cause is indicated. We find the natural course of events which follow that cause in their story; their early income failing, they lived on their capital until that was gone, their labour was not wanted for the cultivators of the land they had lost, and there was no other opening for them nearer home.

Conclusions as to the increase of population.

61. The conclusion which we would adopt on the subject of the increase of population as a cause of indebtedness is that had the agriculture of the

district to support only its own producers including a fair interest on capital actually expended on account of the land, it would be sufficient, with the assistance of the wages of exported labour during the idle season and bad years, to maintain them at their present number, and larger returns might be obtained from the land by improved cultivation to meet a still further increase. But agriculture pays a heavy tax to the sowkar, much of which neither represents expenditure on account of the land nor ever returns to the land; such holdings as pass into the hands of the sowkar will not under hired labour support so many persons as lands cultivated by proprietors, and these holdings are yearly increasing. Revised assessments have already in a portion of this region reduced the margin of the ryot's profits and thrust the creditor's demands further upon his capital; the revision of the remaining districts will make this encroachment more general than it is at present. It is not to be expected that increasing population will produce improved out-turn; the demands of the creditor are sufficient to absorb any increased return, and the profit of labour invested will go to the sowkar to the discouragement of such investment by the ryot in future. Without such improvement in agriculture the return from the land must be expected to diminish rather than increase.

Increase of money-lenders and money-lending business

62. Another cause of the increase of indebtedness is the facility with which the money-lending class can command the assistance of the law in the recovery of debt, and consequent upon that facility an expansion of the ryot's credit, inducing numbers of small capitalists to compete for investments in loans to the Kunbi. We have already quoted Sir G. Wingate's remarks on this point; although at the present time other causes have combined to impair the ryot's credit, still one material cause of his present condition must undoubtedly be sought in the state of things

described in 1852, and since that date other causes have operated to aggravate immensely the evil which was then discerned. What facilities were afforded by the law to the creditor in 1852 have been greatly enhanced by the introduction of the present procedure in 1859, and by the punctual conduct of judicial duties now exacted from the subordinate courts, while the ryot's credit has been enhanced by the addition of his land and agricultural stock and implements to the security liable for his debts.

The introduction of compulsory registration of deeds dealing with immovable property in 1865 protected the creditor from attempts to repudiate or dispute a registered bond. In the meantime the ryot's estate had risen in value, and new cultivation offered securities for new loans; his personal solvency was assured by the large demand for labour on the railway and other public works, and his title in his land was in 1865 recognised and secured by an Act, which confirmed the rights vested in him by the survey settlement. The American war from 1862 to 1865, while on the one hand it poured money into the country to seek investment, on the other hand raised to an extravagant pitch the value of agricultural securities. To the above causes tending to attract capital to the business of agricultural money-lending, we may add that in the dearth of other industries in this country, with a population whose wants embrace little but the merest necessities, capital, which under other conditions would find employment in trade or manufactures, here naturally turns to agricultural investments, and almost the only course open to the clerk or servant who has saved a little money in a village sowkar's employment, and desires to earn an independent living, is to set up in the same business himself, preferably in the place where he is already known.

Increase in inferior kind of money-lending business.

63. The inquiries of the Commission have made it clear that the smaller class of sowkars, who are also the most unscrupulous, have increased very considerably during the last 10 years, and that it has been a common practice for the ryot to borrow from one sowkar to pay another, or to borrow from two or three at a time. A result of this is that in the competition with inferior members of their class even respectable sowkars are obliged more and more to resort to the methods of swelling the debt and coercing the debtor practised by them. We here quote again the letter of Sir G. Wingate describing the change in the relations of the parties:-

"The prosperity of the ryot is no longer necessary to the prosperity of the village money-lender. The latter has no longer occasion to trust to the good faith or honesty of the former. Mutual confidence and goodwill have been succeeded by mutual distrust and dislike. The money-lender has the ever-ready expedient of a suit at law to obtain complete command over the person and property of his debtor. It becomes the interest of the farmer to reduce the latter to a state of hopeless indebtedness in order that he may be able to appropriate the whole fruits of his industry beyond what is indispensable to a mere existence. This he is enabled without difficulty to do. So long as a ryot is not much involved, the money-lender is ready to afford him the means of indulging in any extravagance without troubling him at all about future payment. The debt may lie over and he may choose his own time for repayment. The simple and thoughtless ryot is easily inveigled into the snare, and only becomes aware of his folly when the toils are fairly around him and escape is impossible. From that day forward he becomes the bondsman of his creditor. The latter takes care that he shall seldom do more than reduce the interest

of his debt. Do what he will, the poor ryot can never get rid of the principal. He toils that another may rest, and sows that another may reap. Hope deserts and despair possesses him. The virtues of a freeman are supplanted by the vices of a slave. He feels himself to be the victim of injustice, and tries to revenge himself by cheating his oppressors. He cannot get into a worse position than he already occupies, and becomes reckless. His great endeavour is to despoil his enemies, the money-lenders, by borrowing continually. When he has got all that he can from one, it is a triumph to him if by any amount of lies and false promises he can get something more from another. When he has two creditors there is a chance of their fighting with each other, and that during the fray he may be able to snatch a portion of the spoil from both."

The Limitation Law.

64. In the process of swelling his account the sowkar has received material assistance from the Limitation Act of 1859, to the operation of which is universally attributed much of the present burden of debt. The Judge of Tanna thus writes on the subject, 17th May 1875:- "In bonds founded on old bonds which have nearly run the period of limitation, it is impossible to estimate what proportion of the consideration was actual cash payment. The Limitation Law, a statute of peace, made for the purpose of protecting obligors, is practically an engine of extortion in the hands of obligees. When a bond is approaching the age of three years, it is usual for the creditor to threaten proceedings, and so reduce the debtor to pass a new bond, of which the principal and interest of the old bond and sometimes a premium form the consideration." Again, the Judge of the Small Cause Court, Ahmedabad, writes, 1st September 1875:- "Short duration provided for in the Limitation Act, though intended to prevent frauds and difficulty of proving a case when long interval has elapsed

between execution of the note and the trial, produces great hardship, and furnishes opportunities to the creditors for cheating their debtors, The debtors belonging to agricultural or rather industrious classes are harassed every two years for a new bond or payment of money. Creditors always leave a margin, of one year as a measure of precaution. *If the law makes three years, they always make it two, because they may have to go to another place, or the debtor may go elsewhere.*

*** The two years is not a sufficient time within which a cultivator can pay money. Perhaps it was borrowed for his son's marriage, or for planting sugar cane or making a garden, and will require six or seven years to pay the debt." The uncertainty of the seasons in the district under report of course makes it less suited than the average of districts for a law compelling settlement of accounts at short dates. On the subject of the effect of the Limitation Law as a cause of increasing debt, we invite attention to the illustrations contained in the accounts appended to the memorandum of Mr. Shambhu Persad Laxmilall.

The revenue system.

65. It is evident that a revenue system which levies from the cultivators of a district, such as that now dealt with, the same amount yearly without regard to the out-turn of the season, must of necessity lead to borrowing. In bad years the ryot must borrow. The necessity remains even when the assessment is fixed far below the standard of a fair season, for his creditor would not allow him to retain the savings of a good year even if he were prudent enough to desire to do so. How the levy of an assessment representing an average operates in his case was well illustrated to the Commission by a popular fable exposing the fallacy of applying a standard of averages in unsuitable cases. A man, it was said, desired to ford a river, and inquired the depth at various distances across; in some places the stream would be over his head, at another point but ankle deep, and so forth; finding the average to be within his

depth, be attempted to cross, and was of course drowned, Thus the first year of drought which finds the ryot under an inflexible revenue demand will surely lead him into debt, and for every rupee paid into the treasury be will probably pay three or four to his sowkar.

App. C., p. 69.

The Appendix contains the notes of evidence collected by the Commission regarding the village of Ghospuri, in the Ahmednagar District. In this village the kulkarni family have set up business as sowkars within the last seven years, and now have claims amounting to about Rs. 11,000. In their examination by the Commission they state that they had got into the position of supplying the people generally with all their needs, cash and the assessment, &c., and that during the period of high prices and under the former revenue assessment the people had no difficulties; in 1870 the village, which had been under the revenue management of H. H. Scindia, was assessed, and "the revenue was managed strictly, not as before with balances left outstanding, so the people were pushed and there was a difficulty in meeting their debts." We do not ascribe the growth of the Ghospuri ryots' debts so much to the rigid revenue system as to other causes; but the system plainly ranked as of importance in the opinion of these sowkars, and it is beyond doubt an element in the causes of embarrassment.

Effect of the American war.

66. Although the high prices of produce during the American war from 1862 to 1865 were balanced for the ryots of the disturbed district by a series of bad seasons, still the ryots drew large profits from the competition for labour by migrating for a time to Poona or Bombay, where the labour available was employed at extravagant rates. The monthly wages of a common coolie in Bombay rose from its 7-12-0 in the period of

1860-62 to Rs. 13-8-0 in 1863. During the construction of the railway about 25 lacs of rupees were spent in the area of the disturbed villages in payments such as would remain in the district. Outside the district itself, but only 60 miles distant, the works on the Bhor Ghat gave employment to thousands; one contractor on a line of 14 miles employed nearly 40,000 labourers. Following on this after a short interval came an increased expenditure on public works, rising in 1868-69 to about 31 lacs on public works and irrigation in Poona district alone. During the years from 1862 to 1867 the cantonment of Poona was the scene of extraordinary activity in private building operations, some on a very large scale, and the sums spent on ordinary labour in these works could not have been much, if at all, less than those spent by Government in the same area. But, besides the advantage of high wages, the agricultural population drew a more questionable advantage from their position as landholders. Through the immense stimulus given to the production of cotton and the cheapness of money, agricultural produce and land had attained an extravagant value, and the ryot's powers as a borrower were those of a capitalist rather than a labourer. The following paragraph occurs in a letter of 26th July 1864 from the Government of Bombay to the Government of India on the subject of the high prices then ruling in the presidency:-

"There never was a time during the known history of Western India when land suitable for the growth of grain was in greater demand than during the present period of high prices of unskilled labour. It may be said with almost literal truth that not a thousand acres of land which has been cultivated within the memory of man are now to be found uncultivated in the districts of the Deccan and the Konkan, whence the unskilled labour and the grain which feeds it in and about Bombay are mainly drawn."

The suits connected with land in the Ahmednagar District Civil Court are returned as follows for this period:-

	1861	1862	1863	1864	1865
No. of suits -	318	354	449	497	689

Similar suits in the Poona District were as follows :-

	1861	1862	1863	1864	1865
No. of suits -	282	591	520	580	632

In the year 1851 there had been 98 cases under this head in Ahmednagar, and 75 cases in Poona. The civil prisoners of the district of Ahmednagar who had, as previously stated, averaged 29 in number from 1860-3, numbered 6, 3, and 9 during the years 1864, 1865, and 1866 respectively.

The increase in the value of land is illustrated by the rapid growth of litigation regarding it, and the increase in the ryots' credit is shown by the decrease in the compulsory processes for recovery of debt. Thus though the ryot's land in the disturbed region brought him little actual income during this period of fabulous prices but scanty crops, it nevertheless brought him the fatal gift of almost unlimited credit destined soon again to collapse.

Summary of causes of debt.

67. We will here enumerate the causes of indebtedness shown in the foregoing paragraphs:-

1. Poverty associated with an unproductive soil, precarious, climate, and irregularity in the receipts of income both as to period and as to value.
2. Ignorance and improvidence.
3. Extravagance.
4. Ancestral debt.
5. Expansion of credit associated with the stimulus to agricultural enterprise caused by the survey settlement.
6. Increase of population, while the return from land was not increasing.

7. Facilities for borrowing owing to the number of competing money-lenders attracted to the business by the advantages offered to the money-lender by our law and other circumstances.
8. The Limitation Law as leading to renewals on usurious terms.
9. The revenue system of a fixed demand associated with the variations in the seasons.
10. The temporary inflation of credit during the American war accompanied by an enormous increase of capital seeking investment.

It is not intended to place these causes in the order of their relative importance, and it will be seen that some of them (1, 2, 3, 4) have been from the earliest times marked features of the condition of the peasantry with whom we are dealing; the rest are of more recent growth, and, with the exception of the last, are associated more or less with our laws or administration.

The Period preceding the Riots.

68. The foregoing review of causes contributing to the ryot's indebtedness has brought us down to the period immediately preceding the riots.

Relations of sowkar and ryot in the years 1867-75. Contraction of credit.

With the close of the American War in 1865 the flow of capital into the country ceased. Prices of produce did not fall immediately, however, but the season of 1866-67 was one of severe drought and that of 1867-68 of partial failure, and the effect of contracting credit following the stoppage of the flow of capital began to be felt in 1868. Prices fell quickly after 1870-71. The following figures illustrate the rapidity and extent of their decline:-

Prices in Poona Market (seers per Rupee).			Prices in Indápur Market (seers pee Rupee).		
Years	Jowari.	Bajri.	Years	Jowari.	Bajri.
(1)	(2)	(3)	(4)	(5)	(6)
			1865-66	18	15
			1866-67	25	18
			1867-68	37	25
			1868-69	28	21
			1869-70	26	21
1870-71	13	16	1870-71	28	26
1871-72	10	13	1871-72	22	20
1872-73	15	20	1872-73	30	25
1873-74	21	27	1873-74	49	31
1874-75	20	26	1874-75	45	35

Simultaneously with the fall in prices other causes contributed to affect both the ryot's credit and his power of payment. The large expenditure in public works, which from the time of the construction of the railway down to 1871 had subsidized the district with large sums in wages, was suddenly contracted. The expenditure in the Public Works Department and Irrigation Department in Poona District, which, as has been shown, was 31 lacs in 1868-69, in 1873 had fallen

to about 11 lacs. Beside the drought of 1866-67, and the partial failure of the season following, there was serious failure of crops in 1871. Just at this crisis for the indebted ryot the work of revision of assessment in the Poona District commenced, and by enhancing the Government demand reduced materially the margin available to the sowkar.

69. Under the ryotwari system of the Bombay

Presidency the assessment is paid by the cultivator directly to Government. In 1836-37 the assessment by survey and settlement was commenced. The land was divided into fields which were classified according to their quality, the assessment was then imposed according to the classification, the amount of the demand being determined by the experience of former years. The cultivators were recognised as holding their occupancies by a heritable and transferable right, and the assessment was settled for a term of 30 years.

The first taluka settled was Indápur in 1836-37, and other talukas of Poona and Sholapur followed in 1840 and 1841.

Owing to the expiry of the term of 30 years, the settlements have been revised in the period from 1869 to 1872. The following table shows the effect of the revision in the talukas in question in Poona District:-

Taluka.	Former demand.	Revised demand.	Increase.
(1)	(2)	(3)	(4)
	Rs.	Rs.	Rs.
Indápur	81,184	125,845	44,661
Bhimthari	81,475	133,131	51,656
Haveli	80,475	133,174	52,699
Pábal	92,350	139,315	46,956
Súpa	59,926	78,788	18,862

	1869	1870	1871	1872	1873	1874
Bhimthari	581	712	689	793	888	610
Indápur	293	483	519	581	526	216
	874	1,195	1,208	1,374	1,414	826

Owing to the failure of crops in 1871 large remissions were granted in that year, and owing to other causes the revenue actually levied in the revised districts was not increased to the extent shown in the above figures, but the general result of the new settlement was to make a large retrenchment from the ryot's profits. It may be mentioned that the enhancements above shown were reduced considerably in 1874 owing to the continuous decline in prices.

Contraction of credit, illustrated by registration returns.

70. The effect of the fall in prices, aggravated doubtless by the circumstances just enumerated, was, first, to reduce the ryot's power of payment; secondly, to cause creditors to seek recovery of debt by all means in their power or to enhance their security by the conversion of personal debt into mortgage of land; and lastly, to check further advances to the ryot. The returns of the Registration Department show very clearly how severe has been the pressure upon the ryots in the disturbed districts during the six years preceding the riots. As the returns of the Registration Department for the year 1868 do not admit of the figures for that year being cited for the Poona Districts in totals, we will cite first the figures for the period from 1869 to 1874 in the two talukas in which they are most striking. We find the following return of deeds of sale and mortgage of immovable property in the Indápur and Bhimthari Talukas:-

The deeds of the same character registered in these two districts together in the years 1866 and 1867 numbered 752 and 591.

As subordinate to these totals it should be noticed that the increase in the number of deeds registered for values of less than Rs. 100, the

registration of which is not compulsory by law, is still more remarkable. Registration has generally the effect of estopping the executant from contesting a claim brought on the deed registered. The sowkar therefore will, if possible, obtain registration. The deeds so registered show the following figures :-

	1869	1870	1871	1872	1873	1874
Bhimthari	112	189	199	199	224	155
Indápur	61	132	151	140	103	49
Total	173	321	350	339	327	204

In the Ahmednagar district a similar process is indicated by the Registration returns, a continuous and growing demand upon the land both as security in mortgages, and for satisfaction of debt by sale. The increase in sales is a convincing proof of the pressure brought to bear upon the land-

holding class during these years of declining credit. The following figures show the registered deeds relating to immovable property in the disturbed districts of Ahmednagar during the years above noted:-

	From 1865 to 1868				From 1868 to 1874			
	Sale		Mortgages		Sale		Mortgages	
	No.	Value Rs.	No.	Value Rs.	No.	Value Rs.	No.	Value Rs.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Nagar	765	2,79,947	1,979	5,74,577	1,544	5,52,013	2,927	8,62,364
Shrigonda	301	52,874	1,596	2,97,397	473	80,390	1,022	2,80,592
Párner	280	64,604	1,297	2,73,912	367	81,538	1,427	3,97,575
Karjat	27	3,660	75	14,725	484	70,498	1,304	2,34,513
	1,373	4,01,085	4,947	11,60,611	2,868	7,84,439	6,680	17,75,044

In the dealings between sowkar and ryot the mortgage of land is the last stage but one; its actual transfer is the last of all. The value entered in the Registration returns represents the amount of the debt on paper at these final crises, and is a measure, not of the actual value of the property, as has been assumed by the survey officers, but of the amount of the sowkar's claims against the

landholder. The increase in these values during the period under consideration will therefore afford a good criterion of the degree of encumbrance laid upon the ryot's capital, or extinguished by its transfer. The following figures show these values in the districts of Bhimthari and Indápur:-

Year	Bhimthari		Indápúr		Total
	Sales	Mortgages	Sales	Mortgages	
(1)	(2)	(3)	(4)	(5)	(6)
1869-70	11939	85489	9425	47147	154000
1870-71	28830	103494	23704	70656	226684
1871-72	26981	110284	18044	74595	229904
1872-73	16616	134516	25624	85562	262318
1873-74	38319	138752	30167	75331	282569
1874-75	32222	77970	14592	27832	152616
Total	154,907	650,505	121,556	381,123	1,308,091

Editor's Note: Sale figure of Indápúr for 1869-70 is wrongly printed, in the original Report as 1425 as may be checked from the vertical and horizontal totals. It should be 9425.

App. C. p. 317.

A return is given in the Appendix of deeds relating to immovable property in the disturbed villages of the Bhimthari Taluka from the first commencement of registration, which illustrate the growing pressure still further by comparison

with the transactions of years previous to 1867-68.

The following figures show the number of registered transactions in those villages for the years 1865 to 1875 and the values in totals:-

Year	Mortgages		Sale		Total	
	No.	Values (Rs)	No.	Values (Rs)	No.	Values (Rs)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1865	14	7037	4	2700	18	9737
1866	18	6624	9	2104	27	8728
1867	28	9594	6	1089	34	10683
1868	37	16826	7	2423	44	19249
1869	66	18779	24	3546	90	22325
1870	86	22868	21	3990	107	26858
1871	73	16992	22	5710	95	22702
1872	63	14556	36	6888	99	21444
1873	97	28744	44	6271	141	35015
1874	64	20297	18	5827	82	26124
1875	13	2508	7	936	20	3444
	559	164,825	198	41,484	757	206,309

It must be noted that instances of the redemption of mortgage are almost unknown; a mortgage is equivalent to the transfer of the ryot's title; his interest in the mortgaged land, where as is usual he remains upon it as cultivating for the mortgagee, being that of a tenant at a rackrent.

The above returns show that the pressure increased up to 1873-74 and then suddenly declined. It is apparent that the strain had been relieved by the sacrifices indicated in the figures above, added to the deductions from the ryot's capital made by execution of decrees, which will be noticed below.

Civil Courts' returns.

71. In the returns of the Civil Courts we find the same features presented. As has been already stated, suits for debt in Poona District averaged about 6,000 during the five years from 1862 to 1867. The following are the figures for the years after 1867:-

No. of suits -	1868	1869	1870	1871	1872	1873
	6,972	6,684	14,742	6,738	13,788	13,986

The very marked decrease in 1871 is to be accounted for by the drought of that year. A dearth of agricultural produce is accompanied by decrease in suits for debt, there being no assets to recover; the creditor only sues on expiring bonds of which he cannot get renewal. The Small Cause Court at Poona has jurisdiction in a district which was but slightly affected by the drought of 1871. Its returns are as follows: -

Year	No. of Decrees	For attachment of immovable property	For Sale of immovable Property
(1)	(2)	(3)	(4)
1870	17,277	1,282	1,015
1871	16,855	1,208	1,630
1872	14,381	1,166	8,335
1873	25,782	2,915	1,907
1874	19,549	2,608	1,786
Total*	93,844	9,179	14,673

* Editor's Note: Totals corrected.

In the same manner in the Poona District applications for execution rose from 12,502 in 1868 to 28,894 in 1873, and the sum realised by sale of immovable property from 91,071 to 169,127. It must be noted that the value of such property is in no way represented by the sum realised, which is often, for reasons which will be stated hereafter, only a fraction of the value.

The revenue returns.

72. During the same period there has been a very marked increase in the difficulty of col-

No. of suits -	1868	1869	1870	1871	1872	1873
	6,848	7,454	8,771	8,429	9,449	9,774

In the Court of Talegaon in the disturbed district of Poona, the number of suits rose from an average of about 1,400 in the years 1865-67 to an average of 2,500 in the years 1872-3-4. It is an unfortunate circumstance that, owing to a re-distribution of jurisdictions in 1869, the returns of Ahmednagar civil business do not allow us to compare the figures of judicial returns before and after that year. The Ahmednagar Small Cause Court returns, however, show the usual increase of business during the years of reaction, and it is worth while to notice the large increase in the number of applications for execution of decrees in Ahmednagar and in their incidence upon immovable property during the years from 1870 to 1874. The numbers are as follows:-

lecting the land revenue not only in the Talukas of Poona where the enhanced assessments pressed directly upon the monied classes, who were able to organize and sustain resistance to the demands of Government, but in other Talukas, and in Ahmednagar, the period from 1868-69 to 1873-74 was marked by an unusual amount of remissions and arrears.

App. C., p. 276. Decrease in cultivation.

73. At the same time the area of cultivation contracted all over the Presidency, wherever the

poorest soils had been brought under the plough during the period of artificial prosperity from 1862 to 1866. In the Appendix will be found the opinions of Revenue officers connecting this decrease in cultivation with the pressure of debt. A decline in prices so serious as that of the last four years must by itself be expected to reduce the area of cultivation, but the ryot is very loath to abandon land in which he has invested his labour, so long as it will yield the smallest return. A return can only be secured from the poorest soils when the entire surplus above wages is left with the cultivator. When heavily indebted the cultivator will not be able to secure this. The Government has lately received a report on the declining prosperity and receding cultivation in the villages recently colonised in the Pal Tapa, District of Khandesh, which well illustrates the effect of indebtedness upon agriculture. It is found on reference to the villages paying rental *in kind* to Talukdari estates which form a large portion of Northern Guzerat that cultivation in them is not decreasing; in them the ryot has no proprietary rights, and has consequently little credit, and he has also but little debt compared with the cultivator under the ryotwari tenure. Besides this mass of indirect evidence we have the direct evidence of sowkars in the disturbed districts that their business has been reduced to the lowest point for some time past.

CHAPTER IV. - THE EXTENT AND NATURE OF THE INDEBTEDNESS OF THE RYOTS.

Resume of previous chapters.

74. In the foregoing pages we have endeavoured to show that the normal condition of the bulk of the ryots in the disturbed districts is one of indebtedness; that, owing to causes, some natural and others the result of our administration or of internal circumstances, this indebtedness had grown to an extreme point during the 20 years preceding the riots; that many years ago elements of danger to the public peace were detected in the

temper of the ryots smarting under the consequence of his debts; lastly, that these consequences, averted for some time by the transient prosperity of the American war period, returned with multiplied force during the six years preceding the riots.

Subjects of following chapters.

In the following pages we shall endeavour as briefly as possible to show the extent of the indebtedness as it at present exists, the nature of the dealings between sowkar and ryots, the bearing of our law upon their relations to one another, and the particular points which, by giving rise to a sense of hardship, constitute the elements of danger of which we have lately had warning.

Extent of Indebtedness.

75. The extent of serious embarrassment through debt can be ascertained with fair accuracy from the inquiries of the Commission. It appears that about one-third of the occupants of Government land are embarrassed with debt, that their debts average about 18 times their assessment, and that nearly two-thirds of the debt is secured by mortgage of land. For 12 villages the results in figures are as follows :-

Analysis of embarrassments in 12 villages.

Total number of Government occupants	1,876
Number of Government occupants embarrassed	523
Assessment payable on their holdings	Rs. 10,603
Amount of debts on personal security	Rs. 1,18,009
On mortgage of land	Rs. 76,233

The proportion of khatas indebted to the total number of khatas in these villages is 28 per cent. The total debt is more than eighteen times the assessment. Of the occupants in embarrassed circumstances, about two-thirds hold land of less than Rs. 20 assessment.

These figures entirely confirm the opinions stated to the Commission on the subject by the local officers; and tally in great measure with the results of investigations into indebtedness in other districts. It must be noted that the amount of his assessment is not an absolute standard of a ryot's solvency. Many cultivate the lands of Wattandars or Inamdars in addition to their Government holdings, and the assessment does not show any addition for well irrigation, though the share in a well is a property of some value, and as such much sought in security for debt. Of the cultivators not included among the embarrassed class, some are in good circumstances, but the lowest stratum is but little removed from embarrassment; continuous bad seasons or further fall in prices would rapidly swell the proportion of embarrassed to solvent ryots, for there is no hard line between the 28 per cent involved and those above them.

App. C., p. 198.

76. The extent to which land has been lost to the cultivating class cannot be determined with accuracy, for much land is held in mortgage, of which the occupancy is not transferred to the sowkar. In the village scrutinised by the Commission in the Ahmednagar District, it was found that about one-eighth of the occupancies had on an average been transferred to sowkars, viz., that the direct assessment payable by sowkars for land was about one-eighth of the whole demand on the village, but this only represents the amount of land in their occupancy as Government tenants. The increasing extent to which land is passing from the Kunbi to the sowkar has been illustrated above by the properties of the moneylenders' khatas.

App. C., p. 181.

The statements in the Appendix show that these properties have been acquired, within the last 20 years, and for the most part within the last 10 years. In 1854 there were six suits on mortgage bonds of immovable property in the Court of

Talegaon in the disturbed district of Poona, of which four were against Kunbis; in 1872 there were 192 suits of this description, of which 143 were against Kunbis. In the other courts having jurisdiction in the disturbed portion of Poona three decrees were issued on this class of suits in 1854, of which two were against Kunbis; in 1872, 98 decrees issued, of which 69 were against Kunbis.

App. C., p. 246.

The case of individual sowkars brings out this feature of our subject in a more striking light. Tularam Karamchand, of Parner, had no land when he commenced business between 30 and 40 years ago; he has now land paying Rs. 604 in his occupancy, with much more mortgaged without transfer of occupancy. This land was valueless before the survey, and his property of about 1,000 acres must have been accumulated during the last 20 years. Chandrabhan Bapuji, of Parner, similarly has accumulated land of Rs. 923-7-7 assessment by actual transfer of occupancy. Seven sowkars of the village of Kashti have acquired in occupancy right lands paying Rs. 323 during the last 10 years. Fatehchand Marwari, of Balandi, says he has about Rs. 225 to pay for assessment. It is ascertained that the whole of the land in his occupancy has been transferred to him within the last 12 years. It is, however, unnecessary to multiply examples, as the returns of the registration department quoted elsewhere show the rate at which the Kunbi's land has been going out of his possession and into that of the sowkars.

The real value of a ryot's occupancy.

77. It is difficult to ascertain with any certainty the selling value of ordinary ryots' occupancies in the region under report. There are few *bonâ fide* sales, for cash; the returns of the Registration record as shown above are valueless for this purpose, and the revenue sales of defaulters' holdings are for other reasons little more reliable.

The estimate may perhaps be hazarded that an average of seven years' assessment of dry-crop land would be a good price to the seller at present. Irrigated land would fetch a much higher price, possibly up to 15 or 20 years' assessment. Taking the debt of the 12 villages dealt with above, Rs. 194,242, we find it is due from occupancies of Rs. 10,603 assessment; a liberal estimate of the selling value of these occupancies would not exceed an average of 10 years' assessment, and it is plain that the debt is nearly double the capital value of the land to an ordinary purchaser. The solution of this apparent anomaly is that the amount of the debt as represented in the bonds held by the sowkar is far more than the real value of the consideration which has passed, and the sowkars in no case expect to be paid in full; secondly, that the ryot's land is often more valuable as security to the sowkar than it is as an ordinary investment to a purchaser, for, through the great reluctance of the ryot to sever all connection with his land, the sowkar is able to exact more than the ordinary rent; and thirdly, the land is not the only security which the sowkar holds; the law gives him a command not only over the debtor's movable property, but over his labour, and, the labour of his family.

The nature of the dealings.

78. The nature of the dealings between sowkar and ryot is so copiously illustrated in the Appendix that a brief sketch here will suffice. It will be noticed that the transactions are all conducted by means of bonds; an account current is hardly known. There is usually a debt of long standing, probably inherited, the interest of which makes a yearly debit. Beside this debit there are the retail transactions called in the vernacular "give and take," meaning that the debtor delivers his produce, or as much of it as he is obliged to deliver, to his creditor, and the creditor supplies his needs, clothing, assessment, seeds, food, and cash for miscellaneous expenses. Every now and then a larger item appears on either side, a

standing crop as yet unripe is perhaps sold after a valuation either to the creditor himself or another, - the creditor in the latter case getting the price paid, - or a pair of bullocks or cow and calf are given to the creditor on account; against this the debtor draws occasionally a considerable sum for a marriage, for the purchase of land or bullocks or a standing crop, or for the digging of a well. Bonds are continually passed as the account progresses; sometimes a bond is taken as a deposit, and the debtor draws against it; or a small transaction is included in a larger bond and, the debtor is to draw against the balance.

Sowkars' accounts.

79. Marwari sowkars keep accounts, but often only in the form of a memorandum book; money-lenders not belonging to the trading classes often keep no accounts, but with all the bond is the recognised record of the transaction. Bonds are never or very rarely made for large amounts. When a large amount of debt has to be reduced to paper several bonds are drawn, thus a debt of Rs 175 will be, represented by one bond of Rs. 100, another of Rs. 50, and a third of Rs. 25. Probably the chief object of this arrangement is that the sowkar may have means to get a decree without much cost. A decree of Rs. 25 bond will usually give him the power over the debtor that he requires to compel him to meet demands on account of the entire debt of Rs. 175, and will not cost so much. Moreover, interest usually ceases on a bond being converted into a decree and it is not to the bondholder's advantage to take a decree for the whole debt.

Mortgages of land.

When the debt has reached an amount for which the ryot's personal security is not sufficient, it is commonly converted into a mortgage of land;

where the ryot possesses a well or a share in a well, the well or share, together with the irrigated land, are preferred as security.

Joint security.

Sometimes a joint security of another ryot of substance is added to the personal bond; in such cases the joint surety usually has a direct interest in the loan, or as a near relation assists the debtor, or his security is purchased by private arrangement.

Other mortgages.

Often before the mortgage of land is resorted to there is a mortgage of the debtor's house, bullocks, crops, cart, or other movable property. When bullocks are mortgaged the debtor has to pay for their hire, which thus becomes the interest of the loan.

Transfer of occupancy.

When the mortgage of land is completed it is usual in the Ahmednagar district for the right of occupancy to be transferred to the creditor in the Government books. This is not the case in Poona. It is not easy to trace the cause of this difference in the practice of the two districts, but it is probable that the assessment being lower in Ahmednagar, there is more to be got out of Government land, and the Marwari who has almost a monopoly of money-lending in Ahmednagar is harder and more exacting in his terms than the sowkar of the Poona district while at the same time the ryot is, if possible, more ignorant and helpless. It is not uncommon for the Ahmednagar ryot to continue paying the assessment of his land after he has transferred the right of occupancy to his mortgagee.

Mortgage tenants.

80. When the land has been transferred by mortgage the sowkar almost invariably commences by leaving the debtor in occupation as tenant, and a form of mortgage exists in which the profits of the land really are all that is mortgaged, as the tenant is left in possession without any transfer or acknowledgment of the mortgagee's right, so long as he delivers the produce yearly. On a failure of the debtor to deliver the produce the mortgagee usually obtains possession. Sometimes the produce of the land is made to represent the interest of the loan; but more usually a specific rate of interest is cited in the mortgage bond. The debtor holds as tenant on every variety of terms and conditions. Often these are reduced to writing; either a lease or a deed of partnership (as the vernacular name runs), or a simple contract, where a rent in money is stipulated. Often it will be found that the rent is adjusted to cover the interest agreed on in the mortgage bond. As the amount of capital in the mortgage bond is usually more than the value of the land at 12 per cent interest, and as the rate of interest in the bond is usually at least 18 per cent, it follows that the land will not yield the required sum, and thus the mortgagee constantly receives the full actual rent of the land and in addition exacts bonds for the yearly deficit. Often the rent is settled in *kind*, and the rates are mainly determined by the power of the mortgagee to screw his tenant. One mortgagor tenant in his statement used the following words: - "I cultivate the land, but I have, *no right* to take for my use any of the produce of the field". Doubtless, under the hardest conditions, the tenant *does* take something, as was admitted by another ryot; Who was bound to hand over the entire produce of a field to his sowkar; on the other hand, much land is held by mortgagor tenants in Poona at the usual rental terms, viz., half of gross produce of dry-crop and one-third of irrigated lands; the mortgagee paying the assessment, and seed and expenses being shored in the proportion of their respective interests in the crop. In

Ahmednagar the sowkar has more power over his debtor and trusts him less, and regular contracts as to rent are not so usual, but the tenant is expected to pay the assessment and expenses and hand over the rest of the produce. One regular contract is in evidence under which the mortgagor tenant had to pay the assessment and half the crop of irrigated land. Considering the expenses of such cultivation, this means tenancy with insufficient wages. On the other hand, a mortgagor tenant, whose bond was backed by a good security, got his land to cultivate at one-fourth the produce, assessment and seed being supplied in the proportions of the landlord and tenant's interests in the crop. When the tenant pays in kind his payments may exceed the amount of interest stipulated in the mortgage bond, but he keeps no account of such payments, and the creditor was found in all cases inquired into by the Commission to have no conception of his responsibility for accounts on this head. As the responsibility cannot be enforced by the ryot, it practically does not exist. Doubtless most mortgagee landlords have an account, but the ryot cannot get it without going to court, which to him is out of the question. Another form of mortgage, which is usually entered into only when the parties have come to a final settlement, is the transfer of the land to be enjoyed for a certain number of years in satisfaction of debt (*vivum vadium*); it is usually found, however, that before the period has expired the mortgagee has established claims giving him a further lien on the land.

Instalment bonds.

A similar method of settlement by an instalment bond is gladly accepted by a debtor, but here again the failure to pay one instalment in a bad year usually gives the debt a fresh departure. As above stated, the sowkar as mortgagee landlord usually allows the ryot to cultivate the mortgaged land, and as long as the ryot is left in this relation to his fields he accepts his fate without much bitterness. It often happens, however, that owing

to default in payment by the tenant, or to better terms being offered by another, or to the cattle and implements of the tenant being sold in execution of a decree, it ceases to be the interest of the mortgagee to leave the cultivation in the tenant's hands, and the land is then taken from him.

Labour bonds.

81. Beside the security of the ryot's personal credit, stock, and movables, house and lands, and the joint security of a surety, the labour of the ryot is also drawn into his dealings with the sowkar. This form of bond is not uncommon in Ahmednagar, the terms being that the debtor is to serve the sowkar and that his wages are to be credited at the end of the year, or that a certain sum is to be worked out by service to the sowkar for a certain period. Sometimes the wife's labour is also included in the bond.

Stipulation regarding receipts in bonds.

It is an almost universal practice to enter in bonds that "no payments are to be alleged by the debtor unless they are certified by a receipt under the creditor's signature", or "that on payments being made the bond holder shall pass a receipt". As no instance has come to notice of a creditor giving a receipt for part payments, it must be presumed that the former stipulation is inserted in order to deter the debtor from pleading part payment when sued, and the latter stipulation to satisfy the debtor's desire to have something in the bond which shall make it the duty of the creditor to pass receipts.

All dealings are reduced to bonds.

One of the most noticeable features of these sowkars' dealings is the peculiar system of retail business which reduces all transactions, even the most trivial, to the form of written contracts. This system does not prevail to the same extent in other

parts of the presidency, where the account current is kept open until the balance has reached an amount which makes further security desirable. The invariable use of bonds in the region under report is probably, the result of the more precarious character of the ryot's assets, due to his greater poverty and to the uncertainty of the climate, and it is an indication of the extent to which the character of ordinary trade transactions has been affected by their alliance with a money-lending business, much of which is unsound. The ryot is constantly in great need, and has thus most limited choice in his means of relief. The sowkar is sharp in business and fully understands the weak side of the Kunbi and the urgency of his necessities. The terms upon which they deal are that every debit is to be protected by a bond giving the sowkar unlimited powers of recovery, and that the credit side is to be left to the honesty of the creditor.

CHAPTER V. THE CAUSES OF HOSTILITY BETWEEN THE RYOT AND THE SOWKAR

82. We come now to consider the causes which have produced a feeling of hostility on the part of the ryot towards the sowkar. A condition of indebtedness would not of itself produce such a feeling. The needy man might be expected to regard the person who supplies his needs rather with gratitude than dislike. It is only when indebtedness is attended with circumstances which produce in the mind of the debtor a sense of hardship, of unfair treatment, of being oppressed and having no redress, that a feeling of hostility is aroused such as led in the present instance to actual violence. We propose to examine in this chapter those incidents in the dealings of ryot and sowkar which may be thought to contribute to produce these feelings, to inquire how far these causes have or have not been efficient, and to consider whether, if efficient, they are removable or remediable. We propose to examine our subjects under the following heads:-

- I. -Usury.
- II. -*Ex-parte* decrees.
- III. -Excessive powers of realising debts.
- IV. -Loss of land by private sales.
- V. -The Limitation Law.
- VI. -Frauds.
- VII. -The action of the Civil Courts.

I - USURY.

(a)-Are the rates of interest usurious?

83. The taking of usurious rates of interest is commonly assigned as one of the ways in which the sowkar deals unfairly with the ryot. In considering this question, the first point is to define what usury means. The rate of interest chargeable upon a loan, in excess of the ordinary return to capital, is determined by the risk as to repayment. The risk in each case depends upon the assets and character of the debtor. Usury means the taking of higher interest than is required to cover the risk. It cannot be said of any given rate of interest that it is usurious merely because it is high. A rate of 12 per cent may be usurious to one debtor, while a rate of 24 per cent may not be usurious to another. The question then to consider is whether the rates of interest taken by the sowkar are usurious in this sense. Most of the bonds are made absolutely without any security being mentioned, although, no doubt, the creditor looks to the property a man has in fixing the rate of interest he demands. Where the loans are secured by mortgages on land, the average rate in Haveli Taluka during the last five years varied from Rs. 19.2 in 1871 to Rs. 13.8 in 1875 per annum. In this taluka specially favourable conditions as to landed property exist; in less favoured districts the rate of interest on mortgages is not uncommonly 24 per cent. These rates would be undoubtedly too high if the value of the land was sufficient to cover the amount of the debt but it is well known that mortgage loans in India are not limited to the amount of the ascertained clear value of the property. The land is taken as security

only so far as it will go. It is impossible therefore to say that these rates, although secured by mortgage land or usurious. The usual rate on personal security, is 37 1/2 per cent (1/2 anna in the rupee per mensem); as no security capable of valuation is given, it is impossible to say that this rate is too high. One man, Kusbi bin Geno, says that for a loan of Rs 75 he mortgaged a house and land worth Rs. 500, and paid interest at the rate of 37 1/2 per cent. If true, this is no doubt usurious, but there is nothing to show whether the property is worth so much as he says, and if so, whether it is entirely his own or not. In another case, that of Vithoba Sadoba, a loan was obtained at 12 per cent and no security given. As the man, from his own story, is deeply in debt, the rate is apparently excessively low. On the evidence generally it is impossible to come to any definite conclusion as to the fairness or unfairness of the rates of interest, as the accounts are vague and for the most part unsatisfactory in regard to the value of the property and even the amount of debt and interest and the security offered.

The terms on which grain is advanced at seed time are usually that for one maund at seed time one maund and a half shall be given at harvest, say six months afterwards; in some cases the terms are more favourable, in other cases the advance is made to be repaid two-fold. These conditions at first sight appear exorbitant, but when the probable difference in the price of grain at seed time and harvest is considered, it will be apparent that they are not so. If a maund of bajri at seed time is worth a rupee and half, and at harvest time is worth only one rupee, the additional half maund of interest brings no profit. Doubtless the native rule* which allows twice the principal to be recovered from the debtor in money and three times the advance in grain was made in recognition of the variation in value of produce. When, however, the grain rates are

converted into money-interest on the selling price of the grain at seed time, as is sometimes done by the sowkars, the charge becomes unreasonable.

84. There is, however, another way of looking at the question. If the rates charged are higher than are required to cover the risks, the trade of the money-lender must be unduly profitable. Is there any evidence that this is the case? It may be pointed out here that the risk which determines the rate of interest in the transactions of the sowkar and ryot is the risk on the aggregate of transactions rather than on each individual case. It is true that the better class of debtors can obtain somewhat more favourable terms than those below them, but for the great mass of indebted ryots, the 28 per cent of occupants mentioned in the last chapter, the rate is tolerably uniform, and for those above them on the scale the rates are far above the ordinary returns of trade. But, on the other hand, the nature of the security must be considered. The sowkar's object, as we have seen, is to obtain the ryot's produce; he makes advances against this security; he does not desire to obtain the land unless the profits from land are exceptionally high, as in the lowly-assessed district of Ahmednagar, or unless owing to the competition of other creditors the return to be made out of his debtor is less than that recoverable from the land. So long as the sowkar has a monopoly of his debtor, he can secure not only the profits of his agriculture, but somewhat also of his labour; when his monopoly is infringed, he takes the land and reluctantly abandons the rest. The produce of the ryot's land is the sowkar's security. We need only refer to what has been written above on this subject to show how very unsatisfactory a security these profits are. When it is remembered that this security is entirely in the hands of the debtor, and beyond the power of the creditor even to watch over, it must be admitted that a very high rate of interest is justified by the risk. But to this, so to speak, legitimate risk is added the further danger of loss through bad investments. We have seen

*Damdapat Kan upat.

that excessive facilities in recovery of debt as well as other causes have led to credit being largely given to the poorest class of ryots. Much of this business was from the first speculative, and possibly it was in some measure owing to the growth of this kind of business that, in spite of the improvement in agricultural securities through the survey settlement and the general prosperity of recent times, the rates of interest for agricultural loans have remained for the poorest borrowers nearly where they were.

85. Our reply to the question propounded above is that there is no evidence before us that the profits of the sowkar's business are extravagant. In a time of agricultural prosperity, the profits are doubtless high, and individuals, whose dealings are sometimes fraudulent, no doubt occasionally realise excessive gains. But, on the whole, there is no reason to believe that the sowkars dealing with the agricultural classes make higher profits than are warranted by the nature of their business which is always precarious and unpopular, occasionally, as we have seen, dangerous. It only remains to note the obvious fact that, if the taking of usurious rates does to any extent exist, the natural remedy is competition among lenders. Usury in an open market is a contradiction in terms.

App. A., p. 181.

In India, no doubt, custom and other forces interfere to restrict competition, and matter of interest, interfere to the detriment of the comparatively solvent borrower. Sir J. Strachey, the present Lieutenant Governor of the North-western Provinces, in a note written in 1859, said:-

"Whatever ought to be the case in theory, it is very certain that questions of abundance or scarcity of money, of greater or less demand for loans, of good or bad security, of competition, and the like, have in practice comparatively little to do with the settlement of the

terms on which agriculturists in this country ordinarily obtain advances of money. The conditions depend far more upon the degree of simplicity in the borrower and of rapacity in the lender than upon anything else."

The simplicity of the borrower in the Deccan is extreme, and would induce him to accept the lender's terms without question if they were no higher than custom had made familiar to him, even if they were in the particular case in hand unreasonably high. Rapacity in the lender is a characteristic of native dealing, which looks rather to immediate profit on the transaction in hand than to attracting business by favourable terms.

These considerations, doubtless, have their weight. But it cannot be said, even in the villages of the Deccan, that at present competition is non-existent, and in the future it is likely to increase. The Honourable Mr. Justice Turner, in a note recorded in 1873, on the question of the embarrassments of the landholders in the North-western Provinces, wrote as follows:-

"Indian money-lenders, it is true, demand a high rate of interest, from 9 per cent to 24 per cent on good landed security. These rates appear to Englishmen exorbitant; it is almost ruinous for landholders to borrow at such rates, except in countries which offer far better opportunities for the employment of capital in land than does India generally. In many parts of these provinces there is little competition among money-lenders to keep the rates of interest low; but this is not the sole reason for the maintenance of such rates, otherwise, in places where there is such competition, the rates would be lower. In the district in which I am writing there are English bankers having capital to lay out who either decline to make advances to landholders, or who demand the same rates as are charged by the native money-lenders. The causes of this distrust of land as a security are not far to seek".

Mr. Turner then proceeds to state very plainly the reasons why interest in these Provinces is high, and why land is not considered a very valuable security. In his view these reasons are sufficient to account for the rates charged without attributing to the money-lenders a power of exacting usurious rates.

(b) - Is it possible to regulate the rate of interest by law?

86. Supposing, however, that the rates charged are to any extent unfairly high, the question follows whether it is possible to reduce them either by law or by Government interference in any form. The objection to the enactment of usury laws is that instead of lowering the rate of interest they raise it. The borrower has to pay not only the rate he would have paid if there were no usury law, but also a further sum by way of premium for the risk of punishment to which the creditor is liable under the law. The means of evading a usury law are so numerous and simple that it is impossible to prevent their being resorted to. The parties have only to state in the contract a greater amount of principal than was really lent, and it would only be in rare cases that the true nature of the transaction would come out and these are provided for by the creditors obtaining an extra rate of interest to cover this extra risk. Even if the law could secure a true statement of the principal it could be evaded in numerous other ways. It has been shown by Bentham and others conclusively that it is impossible to lower the rates of interest by law.

It might be however, and has been, argued that, although in most instances a usury law would result in evasion, it would still be not without a good effect in two ways: (1), it would set up a standard or a limit of interest, which in this country, where the supposed will of the Government has so much influence on custom, and custom has so strong a force, would be beneficial; and (2), it would in extreme cases, when the lender

was not inclined to incur the necessary risk, cause loans to be refused, - a desirable consummation. The reply to this argument appears to us to be that these good results are of rather remote nature, and that even if attainable they would not be sufficient to compensate for the evil result of raising interest generally in the manner described above, and for the demoralisation which usury laws tend to produce.

App. B., p. 57.

It has been proposed by Mr. Justice West in his pamphlet, "The Land and the Law," that rate of interest should be controlled, not for all cases by legislation, but in particular cases by the Courts. In cases of all obligations for a principal of not more than Rs. 500, he would give the Courts full power to treat any interest in excess of 9 per cent as simply penal, and to cut it down to such rate as, under the circumstances, should seem just. It appears to us that this method would have no advantage over a usury law, while it would have the additional disadvantage of uncertainty in its operation. No lender could foretell what rate of interest above the minimum would be treated as excessive, and the effect to the borrower would apparently be that of a usury law fixing 9 per cent as the maximum rate. We have formed a favourable opinion of the intelligence and character of the Subordinate Judges of the Bombay Presidency from the manner in which some of them have recorded their views on the subjects now before us, but it must be remembered that to empower them to use such a discretion as that here suggested is to ask them to assume a responsibility for which the legal training within their reach and the national character hardly fit them. Diversity of practice in the use of this discretion would be almost inevitable, at least until a body of precedents had been created which should remove the subject from the sphere of discretion to that of law.

(c.) *Other means of reducing the rates of interest.*

Government banks

87. The question remains whether it is possible to reduce the rates of interest by any other means. It has been suggested that Government should itself compete with the money-lender by the establishment of land banks. This form of Government intervention might possibly be practicable in districts, such as those of the North-western Provinces, where the large estates of proprietors intermediate between the State and the cultivator are at stake; but we believe that it would be physically impossible for the Government to assume in the Deccan the functions of the sowkar in providing for the petty and multifarious needs of the ryot. Enough has been said in previous chapters of this report to show that such aid as a carefully managed bank could give to the ryot would go but a very little way towards making him independent of the sowkar. We may add further that, as the ryot makes his payments not in money but in produce, unless the Government banks were prepared to take payments in kind with all attendant risks, the sowkar would intervene at the first stage of the ryot's loan to receive the produce and advance the cash. The experience of the Tuccavi system of loans does not lead to a conclusion that this form of State aid would be of any practical benefit as a permanent measure. Lastly, it has to be observed that the proposal to interfere with the current rates of interest by means of a State bank begs the question as to usury. The competition of a bank can reduce the rate of interest only if the rate of interest is unduly high. If the rate of interest is not unduly high with respect to the risk, that is, is not usurious, the bank must either lend at a loss, or refuse most of the loans now advanced by the sowkars, or must be provided with cheaper and prompter methods of recovery than are open to the trader.

88. There are certain elements of uncertainty connected with land which must diminish its value as security and tend to enhance the rates of interest, and which may be regarded as more or less remediable. There is the uncertainty as to the amount of assessment that may be imposed at a revision. For some years before a revision of assessment takes place in any district lenders may be expected to look with distrust upon land. Under the Land Revenue system some uncertainty at these periods is unavoidable; but, to, whatever extent it can be avoided in future to that extent will a direct benefit have been conferred both on lenders and borrowers. Then there is the uncertainty as to title. The extent of the interest which a Hindu may have in a piece of land depends on so many contingencies, and there are so many means of impugning the best titles that this ground alone must be a great source of insecurity to the creditors. To take one example of how a title may be doubtful. When a man dies leaving a widow and a brother, the question whether the widow gets the property or the brother depends on whether he was joint or not with his brother. It is said that a Scotchman does not generally know for certain whether he is married or not; but that is nothing compared to the uncertainty of a Hindu as to whether he is joint or not. Again, where the brother gets the property as being joint, the widow may deprive him of it by adopting a son to her late husband. The title, in short, of a Hindu owner is so insecure that such titles are, it is said, refused altogether by some firms in Bombay as security for loans. To improve these titles would be one means by which the rate of interest might be reduced. The only way to do this, however, is to simplify the Hindu law of Inheritance, and that is a subject scarcely within the province of our deliberation. So far as titles are rendered doubtful by the difficulty of ascertaining whether any previous lien on the land exists, something may perhaps be done to remedy the evil by an extended system of registration. Beside the elements of uncertainty peculiar to landed property there is the risk of fraud on the part of the debtor as a cause

of high rates of interest. The prevention of frauds would therefore have the effect of enhancing the security of the creditor, and thereby reducing the rate of interest. The means by which frauds may be prevented will be discussed under that heading further on. The effect of the Limitation Law on the amount of interest in renewed bonds is noticed under that head.

II. EX-PARTE DECREES.

89. It is suggested that the debtor suffers unfair treatment from the passing of *ex-parte* decrees against him. In a large majority of cases, for whatever reason, he does not appear to defend a suit, and a decree is given against him unheard.

A feeling that he is unfairly dealt with is thus, it is thought, aroused within him. With regard to this suggestion the first question to ask is whether *ex-parte* decrees are usually numerous.

(a.) *Are such decrees unusually numerous?*

90. The number of suits decided *ex-parte* in 1873-74 in the whole Presidency was 66 per cent of the whole number disposed of. The number of suits uncontested was 86 per cent of the whole number disposed of. The following table shows how these figures compare with the returns from other Provinces:-

Presidency or Province	Uncontested (Per cent)			Contested (Per cent)
	Confessed Adjusted, or Withdrawn	Decided <i>ex-parte</i>	Total uncontested	
(1)	(2)	(3)	(4)	(5)
Bombay	20	66	86	14
Bengal	42	20	62	38
Madras (exclusive of Madras Small Cause Court)	42	25	67	33
North-west Provinces	43	22	65	35
Panjab	57	7	64	36
Oudh	59	7	66	34
Central Provinces	61	12	73	26

This table shows that the proportion of uncontested suits is considerably larger in Bombay than it is elsewhere; while the proportion of decrees consented to without contest is from 100 to 200 per cent greater in other provinces than it is in Bombay. In every other Province the cases confessed or adjusted far outnumber the cases decided *ex-parte*. In Bombay the proportion between them is as 20 per cent to 66 per cent. Apparently in Bombay defendants with a bad case prefer allowing a decree to pass against them in their absence, to taking the useless trouble and expense of coming to court either to consent to a decree in full or on the chance of making an adjustment with their creditors. The returns of

1872 show that in the Ahmednagar courts the proportion of *ex-parte* cases amounted to 71 per cent. In Poona the proportion is less, being nearly 64 percent. The proportion of suits regarding immovable property, which are usually defended, is higher in Poona.

It appears then that in Bombay generally, and in the Deccan in particular, the proportion both of uncontested suits and of *ex-parte* decrees is unusually large. In all countries the number of suits for recovery of debt which are undefended is a large proportion of the whole number decided, and it is only reasonable to expect that this should be the case. In the majority of suits everywhere

the creditor comes to court, not because the claim is a doubtful or disputed one, but because his debtor refuses to pay except when compelled to do so. Thus in England 43 per cent of the county court cases proceed no further than the plaint, and do not go so far as even an *ex-parte* trial, and in the returns of the Bombay Presidency we find the proportion of *ex-parte* suits varies with the proportion of suits to recover debt. Thus in the Ratnagiri and Kanara districts, where the suits relating to land are 18.2 and 20.5 as compared with 3.9 in Ahmednagar and 6.6 in Poona, the proportion of *ex-parte* cases is only 57.2 and 46.6. It seems probable that the disproportion between the numbers of *ex-parte* decrees in Bombay and the other Presidencies may be due in some measure to a large proportion of suits for recovery of debt; but we are not in a position to determine how far this is the case, nor to judge whether the other reasons for *ex-parte* decrees, which we proceed to consider, have more force in Bombay than elsewhere.

91. The ignorance and poverty of the debtor, his fear of the creditor and desire to keep on good terms with him, and his inability to produce evidence, are assigned as reasons why suits to which a defence might be made are uncontested.

The ignorance of the debtor may be expected to tend to this result in two ways:-

- 1st. The ryot, supposing that facts which constitute nothing more than a plea to the creditor for forbearance will have weight with the judge, goes to court and states them as an answer. Finding that they constitute no defence he is discouraged, and his example discourages others from opposing a suit.
- 2nd. The ryot does not know when he has a defence. He is always sued upon a contract, and there are many facts that make a contract invalid. He might be able to prove such a fact, but is unaware that it would make a document which he has signed void as a contract. His poverty debars him from access to the vakil

who could help his ignorance and makes the expenses of defence a matter of serious moment to him.

Out of 422,035 suits disposed of in the subordinate courts of Bombay in 1873, 295,574 were for sums not exceeding Rs. 20 in value. It may well be supposed that it would not unfrequently be better for the ryot in such cases, even if he have a defence, to withhold it. The ryot who has felt or seen the powers of a creditor holding a decree is afraid of the sowkar treating him harshly if, after opposing a suit, he fails in his defence. Further than this he desires to have the sowkar on whom he depends friendly towards him, and cannot afford to alienate him by opposing his suit. On the subject of the ryot's inability to produce evidence we may simply quote the words of the Sub-judge of Bulsar:- "A great number of these cases are brought on bonds passed by defendants in which plaintiffs have to prove execution only, while the defendants, whose defence may consist of non-receipt of consideration or part or whole repayment, have to prove the same. But very few of them have such evidence, apart from the difficulty of making such proof."

(b.) *Fraud as a cause of ex-parte decrees.*

92. Another important question arises on the subject of the large proportion of *ex-parte* suits in the Bombay Presidency. Is there anything in the action of the courts which tends unduly to prevent or deter defendants from contesting suits, and thus causes an undue proportion of *ex-parte* decrees?

App. A., p. 291, App. B., p. 99.

One of the allegations made is that the creditors arrange with the process server that the notice to appear shall never reach the defendant, and they thus fraudulently keep him in ignorance of the fact that proceedings have been instituted. Of the opinions quoted on the subject, some are in favour of the truth of the allegation, and some are to the

effect that there is not much in it. The Sub-judge of Tasgaon, for example, says that he examined some intelligent debtors of some well-known villages on the point, and he was told that for the last four or five years they did not know of any such false reports being made by the serving officers as to the service of the summons. In examining the convicted rioters particular attention was directed to this question, and out of the whole number in jail at the time not one complained that a decree had been obtained fraudulently against him in this way. In answer to the question, Whether his brother had received the amount in a suit, the convict, Bali Salaji, said, "I suppose the summons was served, how could the court proceed otherwise?" The present law is that service of the summons shall be proved to the satisfaction of the court before the, case proceeds *ex-parte*, and any *ex-parte* decree may be afterwards set aside; if the summons is served with due care and vigilance on the part of the court these rules appear to be sufficient.

The establishments of the courts are now on a better footing than at the time (1852) when Sir G. Wingate brought to notice the practice of fraudulently procuring non-service of summons as a material grievance, and the chances of the defendant appearing are so small that there is but little inducement to secure his non-attendance by fraud. The Sub-judge of Ahmednagar reports as to service of summons that from 20 to 25 per cent are served on the defendant in person, from 30 to 25 per cent are served on members of the defendant's family, and from 25 to 30 per cent are fixed on the door of the defendant's house. There are very few applications for re-hearing on the ground of non-receipt of summons.

(c.) *Other causes of ex-parte decrees.*

93. In the Administration Report for 1873-74 it is said:- "It is curious to observe that out of a total number of 155,283 suits disposed of before the subordinate judges only 21,822, or 14 per cent,

were contested, that 10,919[?], or 65.5 per cent, were decrees on confession, or decreed or dismissed *ex-parte*, and that in only 3,365 contested cases was judgment given for the defendants. These facts tend to show that the defendants in these cases, who, as a rule, are ignorant cultivators, suffer most from the actions of these courts; that the mere admission of the execution of a bond is generally regarded as a ground for a decree, no matter what be the circumstances under which the bond was executed; and that the debtors, as a rule, have so little hope of deriving any help from the courts that in 69 cases out of 100 they make no defence.

App. p. 270.

With reference to these remarks we have to say that the inference here drawn that the admission of execution is regarded as ground for a decree, does not seem to us to follow from the fact stated. The main reason, doubtless, why so many debtors make no defence is that they have no defence to make. It appears to us, however, that in two or three other respects the courts do not give to the debtors all the help they might give. More than one of the judges reports that the subordinate judges are overworked. The Judge of Ahmednagar says, "the subordinate judges in this district are much over worked, and really have not time to investigate cases properly and to weigh evidence." The Judge of Satara says, "I believe our subordinate judges are too hardworked to allow, even if they were inclined to do so, of their going into the history of such cases as the one put forward by you." The result of this over-pressure or work is that the assistance of pleaders becomes necessary. By the aid of a pleader a defendant is enabled to present his case in a sufficiently compact form to be quickly apprehended by the judge; without that aid there is a risk of its being misunderstood. The agricultural debtor cannot afford to pay a pleader, and it can hardly be doubted that this consideration must deter many

persons from contesting suits to which they possess a defence. This over-pressure of work on the courts produces also, in another way, an injurious effect on debtors, namely, by causing delay in the disposal of suits. The following figures show the number and duration of suits in the Poona disturbed district for sums of less than Rs. 500:-

Name of Court	Ex-parte Suits		Contested	
	Number	Average duration	Number	Average duration
(1)	(2)	(3)	(4)	(5)
		M. D.		M. D.
Subordinate Court, Poona	354	1 25	51	3 15
Subordinate Court, Tálegaon	2,013	1 13 ¹⁹ / ₂₀	202	3 5 ¹ / ₇
Subordinate Court, Pátas	1,087	1 28	144	2 18

It is stated that great efforts are made by the courts to dispose quickly of the uncontested cases, while the contested cases are unavoidably left to be decided after frequent adjournments. The average duration of original suits in all courts in Bombay in the year 1872 was 3 $\frac{1}{2}$ months. We have

no information as to the average in contested suits only, but if it be assumed that the average in uncontested suits was not over two months, it will follow that the average in contested suits was over a year. The duration in the other presidencies is as follows:-

Presidency and Provinces	Average duration			
	Uncontested Cases		Contested	
	(2)	(3)	(3)	(3)
(1)				
	M.	D.	M.	D.
Bengal	2	0	3	20
Madras	7	0	12	0
North-west Provinces	1	6	3	11
Panjab	0	20	0	24
Oudh	0	24	0	24
Central Provinces	0	17	0	26

It is obvious that the greater the duration of contested cases is known to be, the greater will be the reluctance of the agricultural debtor to spend his money and his time, which is often more valuable to him than money, in defending a suit, and the larger consequently will the proportion of uncontested cases tend to become. Owing to the distance of the court, in many cases the defen-

dant's attendance would involve absence from his home and labour for three or four days at a time. These defects in the action of the courts which tend to debar the debtor from a hearing should in our opinion be remedied - (1) by providing sufficient judicial machinery to ensure cases being heard out on the first day set down for trial; (2) by the courts going on circuit.

III - EXCESSIVE POWERS OF REALISING DEBTS.

(a) - *What powers are given to the creditor by the law.*

94. We now come to one of the most important questions with which we have to deal, viz., and the powers with which the law invests the decree-holder. We propose to discuss the subject under the following heads :- (a) What powers are given to the creditor by the law ? (b.) Are they excessive? (c.) Are they abused?

Imprisonment.

In order to recover a debt, it is obvious that resort can only be had to the property, present and future, of the debtor and to the labour of the debtor and his family. A law which allows an unlimited resort to all these means of recovery gives the greatest help to the creditor that it is physically possible to give. The law of India appears to be the only modern law which allows such unlimited resort, and we find that under it the debtor and his family are liable in person and property to an extent which is practically unlimited.

It may be thought that there is no foundation for the somewhat startling statement that the creditor is allowed by our law to recover his debt by the slave labour of his debtor. It is true that the Civil Procedure Code does not in so many words say that the creditor may compel his debtor to work for him as a slave. Then words of the law are - "If the decree be for money, it shall be enforced by the imprisonment of the party against whom the decree is made, or by the attachment and sale of his property, or by both if necessary." In subsequent sections there are one or two clauses which apparently limit the powers of imprisonment and sale, which by this clause are given absolutely without restriction. At first sight this clause does no appear to authorise slavery,

but on further consideration it will be found that it does authorise it. The power to imprison clearly gives the creditor power to compel the debtor to do whatever would be less grievous to bear than imprisonment would be, and undoubtedly most cultivators prefer to be allowed to work in their native village and on their ancestral lands to being sent to a distant jail, which has to them all the terrors of the unknown. That they may on certain conditions get free, or that the term of imprisonment is not absolutely of unlimited duration and hardship, is also as a rule unknown to them. Although then slavery is not directly mentioned in the Codes, it is indirectly declared by giving the creditor practically unlimited power to imprison. If further evidence was wanted to show that imprisonment may be used for the purpose of slavery, the Prussian Code* shows distinctly that such is the case. In the Prussian Code of Procedure (Part I., title 24) it is laid down that, "If the debtor is entirely ruined and despoiled, the creditor may cause him to be condemned to devote to him his services, his labour, and his industry. In case of his failing to comply the creditor has the right to cause him to be imprisoned." Imprisonment is, however, limited to terms of one year, whereas in India the debtor may be imprisoned for two years under each decree. The only difference between the Prussian Code and the Indian Civil Procedure Code is that the former states the use to which the penalty of imprisonment may be put, while our Code states only the penalty, leaving the creditor to put it to any use of which it is capable. That one of these is slavery is clear from its being so used by the Legislature itself in Prussia. There are other uses, or rather abuses, to which the power gives rise. In one case the creditor used the power of imprisoning his debtor to compel him to give him his wife and daughter as his mistresses. Other abuses

* The information regarding the Prussian Code, and other foreign Codes referred to in this Report, has been obtained from a collection of the laws of about 50 different nationalities by M. de Saint Joseph, a distinguished French judge, in the possession of a member of the Commission.

of the power will be noticed further on. At present we are treating merely of the use of imprisonment for the recovery of the debt. In England, although the power to imprison, if it existed, might be put to such a use, the character of the people, both the debtors and creditors, would be sufficient to prevent any such exercise of it. In India, however, the power to imprison is not only capable of being so used, but from the evidence collected it would seem to be established that the power is exercised for this purpose.

App. A., p.

The appendices contain ample evidence of the way in which the power of imprisonment is used to convert the Bheels of Khandesh into bondsmen of their Guzar creditor even to the degree of actual transfer of the enslaved Bheel by sale of the decree which gives the title to his labour. The labour bonds mentioned as not uncommon in Ahmednagar, of which samples are given in the Appendix, and which are spoken of in indignant terms by one of the judges, are the creation of this law. Thus Tatva Saloo, potter of Supa, on being asked what he would do as to the balance of his debts which he was unable to pay, said, "I will pay by my labour. The Marwari would not let me go without paying off everything. He would prevent me leaving the village by executing a decree against me or putting me in jail." Other debtors appear to receive less than ordinary wages for their labour, and to work on their lands for the benefit of their creditors, who allow them only bare food and clothing. In other words they are the slaves of their creditors.

The only apparent limitation supplied by our Code is that by which the debtor is allowed to obtain his release from jail on delivering up all his property. This discharge is, however, only a discharge from imprisonment, and that only under the decree in execution of which he has been imprisoned. His property is still liable even under *that* decree, and he is liable to imprisonment under

any other decree. The fact that through the whole of this Presidency only 76 persons out of 1,877 imprisoned obtained their discharge under these provisions of the Code shows that they are of little use even as affording partial relief by way of insolvency. This fact is clearly brought out in the statement of one of the ryots examined, who only heard of this means of obtaining his release by the accident of the Judge making a visit of inspection to the jail during his confinement there, hearing his case and informing him of his remedy.

Liability property.

95. With reference to the extent to which property is liable, it is not necessary to say much. The law distinctly gives absolutely unlimited power to sell. Section 205 of the Procedure Code says: "All property whatsoever, movable and immovable, belonging to the defendant is liable to attachment and sale in execution of a decree." According to this, then, strictly interpreted, the very clothes on the back of the unfortunate debtor may be sold. There is no reservation of even the simplest necessities either for himself or for his wife and family. Further, the law allows the creditor not only to strip his debtor bare at the time by selling all that he possesses, but this may be done again and again as soon as the debtor manages to scrape together a few annas' worth of property.

(b.) Are the powers excessive?

96. The mere statement of what the power of the creditor is, would seem in itself a sufficient answer to the question. The power to utterly ruin and enslave the debtor is a power which clearly the creditor ought not to have, and as a fact it was never intended when the Code itself was passed that the creditor should have it. "The ancient laws of most countries," says Mill, "were all severity to the debtor. They invested the creditor with a power of coercion more or less tyrannical, which he might use against his insolvent debtor, either

to extort the surrender of hidden property or to obtain satisfaction of a vindictive character, which might console him for the non-payment of the debt. This arbitrary power has extended in some countries to making the insolvent debtor serve the creditor as his slave; on which plan there were, at least, some grains of common sense, since it might possibly be regarded as a scheme for making him work out the debt by his labour. In England the coercion assumed the milder form of ordinary imprisonment. The one and the other were the barbarous expedients of a rude age, repugnant to justice as well as to humanity. When we compare the law of India with that of other countries we find that not one is so oppressive as the Civil Procedure Code in this respect, not even the oldest law in the world, the law of Moses, which allowed the debtor a discharge after serving seven years. For the purposes of comparison it is convenient to consider the powers given for realising debts under three heads, viz.:-

1. Imprisonment.
2. Sale of existing property.
3. Sale of future property.

1. *Imprisonment.*

97. As to the power of imprisonment the vast majority of nations have deprived the creditor of it entirely. In France, by a law passed in 1667, imprisonment for ordinary debt was abolished, and only retained in the case of debts where there was certain amount of fraud or improper conduct on the part of the debtor. The Code Napoleon contains similar provisions (Articles 2033, 2064, 2065). The great majority of nations have followed the example of France in this respect, *e.g.*, Baden, Belgium, Haiti, Bolivia, Sicily, Ionian Islands. Imprisonment for debt has also been entirely abolished in Geneva, Hanover, Fribourg, Lucerne, Berne, and Tessin. In the few Codes where imprisonment for debt is retained, a workable insolvency law removes a great deal of its rigour. In England, imprisonment for debt was abolished in 1869 by Acts XXXII and XXXIII

Vict. c. 62.; but if it is shown that the debtor can pay, but refuses to do so, he may still be imprisoned to compel payment. In the United States a law was passed by Congress in 1839, declaring that no person should be liable to imprisonment for debt unless the law of the State to which he belonged allowed such imprisonment. In several of the States (Alabama, Michigan, Ohio, Louisiana, and others), the law is that imprisonment is not allowed, except in the case of fraud or where the debtor is about to leave the country. In India in the Presidency towns imprisonment for debt is allowed but the debtor may get free, without even first going to jail, by giving up all his property less Rs. 300 worth of necessaries. With regard to Native laws on the subject of imprisonment for debt, the Hindu law appears to have allowed it, and also to have allowed slavery for debt; but these penalties were enforceable not by the State but by the creditor himself. Although, therefore, nominally there was imprisonment and slavery for debt, practically "severity in the exercise of justice could not be complained of." Mahomedan Law appears to have been very much the same as the present law of England. In Macnaghten's Mahomedan Law the rule is said to have been that "the debtor should not be imprisoned unless the creditor can establish his solvency."

The power of imprisonment appears to have been intended by the Legislature to be used as a means for procuring the surrender of the debtor's property, an imprisoned debtor can procure his release by the cession of his property. It is, in fact, an alternative method to the ordinary process of seizure of the property itself. If, as is the case with the agricultural ryot of the Deccan, the debtor is a man with an established residence to which he is bound by the strongest ties; if his property is such that it is easily ascertainable and in great measure impossible to conceal; and if such frauds as he may be tempted to commit in order to evade payment are punishable under the criminal law,

the necessity for the alternative method of securing his property in payment is reduced to a minimum.

2. *Sale of existing property movable.*

98. By section 62, clause 2, Regulation IV., 1827, "implements of manual labour and such cattle and implements of agriculture as may, in the judgment of the Court from which the process issues, be indispensable for the defendant to earn a livelihood in his respective calling, or cultivate any land that he may hold for that purpose", were exempt from attachment. By the present law (section 205, Civil Procedure Code) "all property whatsoever, movable or immovable, belonging to the defendant is liable to attachment and sale in execution of a decree". The only exception being that the imprisoned debtor, applying for his discharge under section 280, has not to include the necessary wearing apparel of himself and his family, nor the implements of his trade in the list of his property.

By the English Bankruptcy Act, 1869, section 15, the tools (if any) of the bankrupt's trade and necessary wearing apparel and bedding of himself, his wife, and children to a value, inclusive of tools and apparel and bedding, not exceeding £20 in the whole, are exempted from sale. By the Insolvency Act, Rs. 300 worth of property may in the Presidency towns of India be retained by the debtor.

App. A., pp. 247-259-85, &c., p. 246.

We have no papers before us to show why the provisions of Regulation IV, 1827, were repealed, but there is a strong concurrence of opinion in all the officers consulted that the exceptionally stringent conditions of the law as it applies to Mofussil debtors should be relaxed, and that a margin of necessities and implements of trade or calling should be reserved from sale. In this

opinion we agree. As to the definition of necessities we may note that in the case of the agricultural classes which form the great mass of the population, necessities consist of agricultural stock and implements, houses, instruments for preparing and cooking food-such as mills, pots, &c. - and clothing. In this list beds or bedding do not appear, as they are considered luxuries. It might seem also that to put houses in the list of necessities is rather stretching the meaning of the word, but to those who know Native habits this is not the case. In Indian villages living in lodgings or in hired houses is almost unknown. Many of the poorer cultivators live in huts constructed by themselves, and such a hut is very often of no value to any one except the owner, as on account of the distinctions of caste it would be only a man of the same caste as the owner who could live in it afterwards. Frequently, when the creditor comes in and sells the wretched hovel in execution, all that is done is to remove the one or two pieces of timber on which the building rests, and to leave the mud walls to their fate, and the wretched occupant to seek shelter from the sun and the rain where he may. This is undoubtedly very harsh treatment, and the power of exercising it should be taken away.

Sale of existing property (immovable). App. A., p. 141.

99. The loss of land has been commonly regarded as one of the principal causes of discontent on the part of the agricultural debtor. In the collection of papers on the subject of agricultural indebtedness in the North-west Provinces, this discontent is mentioned as having produced disastrous result in the disturbances of 1857. In those provinces, indeed, as well as in the Panjab, Oudh, and the Central Provinces, it has been mainly with reference to the alienation of land that the question of indebtedness has been discussed. The reason is that in all those provinces the inexpediency of allowing a general transfer of land from the old proprietary families to the

money-lenders, the *novi homines* of British rule, is a political consideration. In the Deccan the question is economic rather than political, and its conditions here make it less pressing than there. In the North-west the money-lender desires to obtain possession of the land by forcing the debtor off it. Here he prefers to receive the annual produce of the land from the debtor, as a tenant at will. He will not generally undertake the responsibilities of recorded proprietorship till he is driven to it. The condition of the debtor as tenant at will is, no doubt, miserable, but he does not suffer that divorce from the soil which is the sting in the fate of the indebted proprietors of Northern India.

The subject of loss of land by the debtor divides itself naturally into two parts, viz., compulsory alienation by the Courts for debt and voluntary alienation by the debtor himself. We are at present concerned with the first part only. We have to inquire whether the power to compel the sale of land for debt is an excessive or unreasonable power. Judged by the law of other nations it certainly is no such a power. It is said by some of those who advocate its exemption, that under Native laws land was not liable for debt. By Mahomedan law land is liable, like all other property, for the debts of the owner. In the Hedaya XXX the kazi is directed to satisfy the claim of the creditor from the estate of the debtor; firstly, disposing of his cash, then of his effects and household furniture, and, lastly, of all his houses and lands. In Hindu law there is no text by which land is exempted from liability for debt; nor, on the other hand, is there any distinct text stating that it shall be so held liable. With regard to the practice in Hindu States opinions differ as to whether land was liable or not. In practice, however, there is a concurrence of testimony that land was not alienated for debt in the district with which we are dealing. A large proportion of the ryots had no estate in land which could be transferred, nor were regular legal tribunals accessible to the creditor.

100. The question follows, - Whether in the Deccan the gradual transfer of land to the money-lending class is a desirable process? It might be held that if the risks of discontent, manifested in crime and popular disturbance, could be avoided, the process of the transfer of property in land from a needy and ignorant to a monied and intelligent class is in itself desirable. We are of opinion that as regards the district and the two classes, viz., the Kunbi and the Marwari with which we have now to do, this conclusion would be unsound. There is no such superiority in intelligence in the ordinary sowkar as would result in improved cultivation, nor does the land itself offer him such good investments as his money-lending business. An intelligent and liberal landlord finds it very difficult to realise a small profit from inferior land held in ryotwari tenure, and it is only by rack renting and often drawing on the debtor-tenant's labour in addition to his rent that the Marwari makes a fair average profit from land in his possession. Irrigated land, it is true, yields a large profit; but to a non-labouring landholder, who has to pay for all the work of making a well, the investment would rarely be attractive. In all that concerns agriculture the Kunbi is superior in intelligence to the Marwari, and, if the profits of his labour are secured to him, is by no means wanting in industry or enterprise. By converting him into a tenant at a rack rent these advantages are lost to the land without any compensation whatever. The character of the class who would supersede him as landholders is illustrated in the notes on the sowkars of Párner in the Appendix.

App. C. p. 246.

We there find that some of the Marwaris, who had accumulated the largest estates in land were person who showed open defiance of the law. In civilised countries it has been found that the interests of the lower agricultural class are very much at the mercy of those above them; this evil is intensified in India, and if the Deccan ryot is

handed over to such landlords as the Marwaris of Parner it may be feared that his fate will be worse than the worst endured by the Irish tenantry of 30 years ago. It is barely a generation in time since Government began to divest itself of the powers of an irresponsible landlord for the benefit of the agricultural ryot. To allow these powers to be re-transferred to a class with none of the traditions of the hereditary landholder, and probably the least fitted in the civilised world to use them, would be to undo all that has been done, and to make the last state of the ryot worse than the first. It might, indeed, be possible by rent laws and other limitations to protect the tenant; but much stronger reasons than are at present apparent would be needed to make it desirable that the Kunbi proprietor of the Deccan should sink to the position of the most favoured Bengali tenant. It may well be that, unless new industries or emigration come to the relief of the growing population, the transfer of land from the needy to the rich will become inevitable, and that before the Kunbi has become educated enough to profit by the need of his fellows the necessity for the protection of the tenant may arise. That crisis has, however, not yet come, and we have now to consider only whether the process of such transfer at present is desirable, not whether it is eventually inevitable.

App. B., p. 283.

101. We have next to consider whether, in view of the evils attending the present course of affairs, it is advisable in any way to restrict the liability of land for debt. The restriction may take one of three forms; either (1) land may be altogether exempted from liability, or (2) it may be exempted unless made specially liable by the owner, or (3) sale may be prohibited and temporary transfer only allowed. With regard to the first form of restriction we are of opinion that its adoption is undesirable. It is impossible to foresee what its exact effect would be. It is uncertain how far it would produce the good results which are looked

for, while it is certain that it would produce the evil results of depriving the borrower of the security which brings him credit on the most favourable terms, and thus of inflicting hardship at the outset on the very persons it is intended to relieve. For the second form of restriction more is, perhaps, to be said. It is a noteworthy fact that in the districts under our notice owners of land do not ordinarily mortgage it as security for the loans they take. In most cases the debtor having land to give as a security borrows merely on his own personal security. There seems also good reason to believe that these loans on personal security are obtained at a higher rate than the same person would have to pay if he gave a mortgage. Rather than give their land as security, borrowers are ready to pay higher rates of interest. It might be inferred from this that there is some idea in their minds that when land is not mentioned in the bond it is not liable for the debt; or, in other words, that there is an understanding, or implied contract, that the creditor is not to realise from the land. Whatever may have formerly been the case as to this the ryots have now learnt that land is liable for unsecured debts; but the debtor avoids mortgaging his land as long as he can, probably because he knows that when it is once mortgaged he will find it very difficult to raise money from other lenders, and because experience has shown him that the mortgage is the beginning of a transfer to the sowkar. The effect of the restriction would be to compel the borrower either to give his land as a security or to pay a higher rate of interest for an unsecured loan. In either case the compulsion would appear to him a hardship; and, though the hardship might be only imaginary in the first case, it would certainly be real in the second. We do not, therefore, advocate any restriction in this form. But in the case of insolvent debtors whose land is, as is usual, mortgaged, the effect of the measures which we propose for the sale of land will probably be nearly the same as the restriction under consideration. With regard to the third form, viz., the restriction of the liability of the land to a transfer for a limited

period, its intention is to limit the borrowing power of the debtor to an amount equivalent to the income of the land for the given period; but it amounts to a proposal that an insolvent should retain, besides necessities, a reversionary interest in his land whatever its extent. Such a reservation could only be allowed on political grounds, and there are generally the same objections to this form of restriction as to the first. There is also the special objection that in practice the reversionary interest of the debtor would frequently be discounted during the term of alienation, and the object of the provision would be defeated. Mr. Pedder advocates (App. A., p. 10) the limitation of liability to the lifetime of the debtor. This limitation is open to the objection that it does not sufficiently recognise the readiness with which the son accepts the duty of paying his father's debts. This law of religion is one which to their great credit the poorest individuals in this country are loath to disregard; and as yet they have not learnt to place the equitable limits to its observance which are recognised by our statutes. It is doubtful whether they should be encouraged to do so.

A final remark has to be made with regard to all proposals for exempting land from liability for debts. In the case of land cultivated in small holdings by peasant proprietors, it is only possible in a limited sense to carry out an agreement or a law exempting land from liability so long as power is given to recover from movable property. Land, so far as it is valuable, annually takes the form of movable property when the crops are cut or sold, and the power of attaching and selling this movable property practically amounts to a sale of the land. The creditor can take all the profit of the land, leaving nothing to the debtor but the trouble of cultivating. Realisation of debt from land in this round-about manner would be productive of so many inconveniences to the landholder that it would be better to realise from the land directly and ostensibly.

102. A very important point in connexion with the sale of land by the Civil Court remains for consideration, viz., the conditions and method of sale. On the application of a decree holder the Court advertises for sale the defendant's whole interest in a piece of land. If the value of his interest exceeds the amount of the decree it is evident that it is unnecessary to sell the whole out and out. The sale of the whole title in a portion of the land, or the sale or other alienation of a limited estate (such as a lease or mortgage, or rent charge for a term of years) in the whole of the land would be sufficient to effect the purpose of satisfying the decree; and on the principle that no more property should be sold than is sufficient to effect full execution, either of these courses is preferable to directing a sale of the whole of the land out and out. Both these courses are provided for by the present law (sections 243 and 244, Civil Procedure Code), and there are similar provisions in the new Civil Procedure Bill. Section 243 provides for allowing the debtor to raise the money either by a lease or mortgage of the whole, or by the sale of a portion; and section 244 provides for postponing the sale in order to realise by mortgage, or otherwise, on the application of the Collector and on security being furnished. Experience has shown that these sections are not largely made use of in matters affecting the ordinary Deccan ryot it is of no use to provide him with a remedy which involves legal proceedings on his part. He is unable to use it through ignorance and poverty. The provisions authorising the intervention of the Collector can only be used in districts where sales are ordered to be conducted by that officer. This order has not been made as regards the districts under report. It is a question whether this provision of the Code was intended to be made applicable in districts where the landed estates are small ryotwari holdings, and also whether the duty of conducting the sale can be legally delegated by the Collector to a subordinate. Moreover, a ryot whose land is about to be sold will not be in a position to furnish the required security. If the Court was authorised to inquire into and to

decide what the judgment-debtor's estate really consisted of; if the Court, that is to say, decided what share the judgment-debtor had in land, and to what extent it was burdened by mortgages and other encumbrances, it would be a comparatively easy matter then to obtain the money for the satisfaction of the decree by a temporary or partial alienation, provided the estate was in excess of the value of the decree. As the law stands nobody knows what the defendant's interest is, and what the encumbrances are; consequently it is rare that even by a sale of the whole interest the Court or even the debtor can obtain sufficient to satisfy the decree. A purchaser at an auction sale buys an indefinite and uncertain property, and bids, therefore, only a nominal sum for it. The way in which this uncertainty operates to the prejudice of the debtor is constantly seen in the Court sales of land in the Deccan. We have mentioned that the mortgage of land almost invariably precedes the sale under decree. The mortgagee is usually also under the decree-holder. The decree being for a personal bond, the amount of the mortgage debt is unknown, there is no one to bid for the land, and he purchases it himself for a nominal sum. In this way he avoids all inquiry into the account of his realisations during his mortgage tenure. The Court having no power to inquire into the encumbrances of the estate put up to auction, and no adverse purchaser coming into possession of the land to challenge his claims under the mortgage debt.

103. The evils resulting from the uncertainty attaching to the properties sold under decree are not confined to the agricultural class. All over the Presidency this uncertainty is a prolific source of litigation. The fact that out of 6,020 suits relating to land in the Bombay Presidency, 4,329 arose out of execution sales, shows how very speculative such purchases must be. If the Court, instead of selling indefinitely the right, title, and interest of the debtor, should state after inquiry what the property is that is put up for sale there would then be no difficulty in obtaining the proper

price for the whole; or if partial alienation were sufficient, in effecting the satisfaction of the decree without sacrificing the entire estate. We consider it very desirable that in sales by the Court of estates consisting of several fields or pieces of land, the sale should be made in detail. It is desirable to encourage purchases by persons of the agricultural class, and it might often happen that the price of a separate field would be within the means of a Kunbi, while that of the entire estate would be only within the means of a capitalist; and also that a cultivator might be willing to give a high price for a particular piece of land which possessed special attractions for him if sold separately from the rest.

3. *Sale of future property.*

104. The creditor's powers are not exhausted when he has beggared his debtor. We have seen that he can make him his bond-slave by the powers of imprisonment. If he do not require his labour, and the debtor is allowed to work for another, the creditor can then seize his earnings as fast as they accumulate, and without any limitation as to time.

App. C., p. 328.

There is no term to the currency of a decree. In the Appendix will be found statements of the decrees in force in some of the Courts of the disturbed districts, from which it will be seen that decrees dating from before 1860 are still current. The effects of all this cannot but be most mischievous. A debtor who is hopelessly insolvent, if he acquires property, does so only for the benefit of the creditor. The incentive to labour is destroyed, and the debtor ceases to be a useful member of society. The fact that all modern laws and most of the ancient codes (e.g., the Roman and Mosaic even) provided some means of relief by which the debtor at some time or other should be enabled to get free and get the benefit of his earnings would seem to show that some kind of insolvency law is wanted. The evidence on the

subject before us is one way. None of the reports or opinions approve of making future property, as at present, liable for debt without limit. There is a unanimous opinion that a limit should be put to the liability. To sum up: the description thus given of the powers of the decree-holder shows that they are practically unlimited in the fullest sense. The creditor has more than all the protection usually accorded by civilised codes; the agricultural debtor has not the most ordinary and universal - a law of insolvency. Among traders bankruptcy is a matter of private arrangement, and is fully recognised, though not provided by law; the agricultural debtor has no loophole whatever.

(c.) - *Are the powers abused?*

105. We have seen what the powers of the decree holder are; we have now to inquire whether they are abused. It may be said that the employment of the legal powers of the creditor to enforce slavery is not a proper use of them, and this is true in one sense. But the point we propose to consider is, whether those powers are only used for their legitimate purpose of recovering the debt due, or for purposes altogether foreign to the object for which they were granted. It is obvious that when a creditor has been invested with enormous powers for the purpose of recovering debt, he may use them also for other purposes. Below are given extracts from the reports of Subordinate Judges, which might be multiplied by similar statements of good authority, showing how decrees are used. Section 206 of the Procedure Code, which provides that no adjustment of a decree made out of Court shall be recognised unless certified to the Court by the decree holder, is the cause of much of the abuse of decrees below described.

The Sub-Judge of Pátas says:-

"These creditors generally keep three or four unsatisfied decrees against a man, some of them even 12 years old; for occasions like

these. Under pressure of execution they have in many instances realised the full amount of decree by obtaining new bonds, or the writs are returned unexecuted with endorsements, 'property or person not found'. No doubt these things could not be done without the assistance of Court officials, of whose morality I have formed a very low estimate. I have heard the most bitter complaints that executions are issued on decrees satisfied out of Court. One of them lately burst into Court and cried out most bitterly that he had satisfied the decree twice, and this would be the third time that he will have to pay again. None of these have the means or the inclination to file a suit for refund of money paid out of Court.

"The money-lender generally obtains Warrants of arrest or writs of attachment, and takes the kárkun with writs to the debtor, obtains money in cash, part of the decree, or a few head of cattle, or a quantity of grain, or a new bond; and sends the kárkun away, and such Writs are returned by the kárkun with endorsements, property not found, or 'the party to be arrested not found.' I have closely examined several execution proceedings and took evidence also, and this is the result I have arrived at. Sometimes the property is attached and proclamation issued for sale. The decree holder then applies to the Court to drop the proceedings, alleging that as a matter of fact occasionally he has extracted something from defendant, for which no credit is given in decree. Under the pressure of execution mortgages are also obtained when there is anything worth mortgaging. When immovable property is put up to sale the creditor, as a rule, buys it himself. It is to his interest to buy it for-as little as possible; for so much money goes out of his decree, which is a *valuable source* of revenue for him."

The Sub-Judge of Tásgaon rites :-

"The money-lender is never satisfied with what payment he can extract from his debtor, under fear that the decree will be put into execution. But he generally insists on receiving some of the debtor's property in mortgage, such as his cattle, house, of land."

The Sub-Judge of Tálegaon writes:-

"I may here add that section 206 of the Criminal Procedure Code, though it curtails liquidation, causes not a little mischief. The ignorant debtors are often persuaded by their creditors to make payments out of Court. They do not know the consequences of such payments, and even if warned by sad experience their necessity compels them to comply with their creditor's wish. After payment they are under the impression that they are enjoying their peace. Under this delusion in goes the executing peon or kárkun to serve a notice upon them under section 216, or seize what property the creditor is pleased to point out, and the poor creatures find little relief when they come to the Court, for, unless there are circumstances which enables the Court to inquire into the question of payment, they are obliged to be coolly told that they ought not to have paid their creditors out of Court, and must therefore pay twice over".

The Sub-Judge of Násik says:-

"As regards the enforcement of decrees, the first step taken is to apply to the Civil Court. On the receipt of the application a warrant of attachment or arrest is issued. More than three fourths of the warrants are returned with such reports as the following, and the applications on which they were issued are disposed of:-

1. No property was found.

2. The judgment-creditor did not come to point out the property.

3. Part payment is made, therefore, the Judgment-creditor desires that no further steps be taken.

4. The judgment-creditor refuses to pay the fee for the warrant or the notices of sale.

5. Nobody bids at the sale.

6. The defendant was not found (in case of arrest).

"As a general rule, reports like the above are received when some amicable adjustment takes place between the judgment-creditor and the judgment-debtor. The actual realisation through the instrumentality of the Court, by sale and imprisonment, takes place in a very small proportion of cases. Sometimes the applications for the enforcement of decrees are made simply to keep them in force."

The most powerful means of compulsion in the hands of the decree holder is the warrant of arrest. It is believed that not more than 10 per cent of the warrants issued are executed; and of the persons arrested a large proportion are not imprisoned. The Subordinate Judge of Oomret, in Kaira district, states that of 100 applications for imprisonment only one or two judgment debtors are actually sent to jail. In 1872 the number of persons arrested under decrees was 7,135, the number imprisoned was 1,877. The case of the debtor who is not arrested is probably one of greater hardship than that of the arrested debtor. The latter, if brought before the Court, will sometimes have the terms under which he purchases the forbearance of the decree holder brought to the knowledge of the Court, whereas the debtor who settles without arrest has no chance of this protection.*

* Last year the number of warrants of arrest printed was 172,600, while the number of arrests was only 7,135; so that it would seem probable that somewhere about 150,000 warrants had been used as threats only.

IV. - LOSS OF LAND BY PRIVATE SALES.

106. Under the last head we considered the subject of loss of land by the debtor through compulsory alienation for debt. It remains to consider his loss of it through voluntary alienation. It is unnecessary to say more as to the reasons that exist for wishing to prevent the alienation of land; the question here is whether it is desirable to prevent its alienation by law. In the district with which we are concerned the alienation of land is in fact voluntary only in name. When land is sold privately it is generally sold under the pressure of civil process or the fear of process. The writers who have advocated the prohibition of private alienation have probably done so from the knowledge that with the powers at present possessed by the creditor of holding the decree in *terrorem*, the mere exemption of the land from liability in court would be ineffective. Mr. Justice West proposes that the Government should pronounce all land held from it to be either inalienable except with its consent, or else subject on alienation to re-assessment and to the levy of a rack-rent. A few other officers make similar propositions. On the other hand, many writers of authority, some of whom desire to prohibit execution sales of land, are of opinion that private sale ought not to be interfered with.

App. B., p. 67.

It has been questioned whether the alienation of land was allowed by the native laws. The principal texts of Hindu and Mahomedan laws relating to both sales and mortgages of land are quoted in the Appendix. It would appear from them that such alienations are familiar to both Hindu and Mahomedan law. Thus in Hindu law there are numerous texts like the following:- "Two kinds of property are universally acknowledged immovable and movable; when a contract of sale is made both are called by the name of vendible property". Pledges are declared to be of two sorts, immovable and movable. There are no doubt certain restrictions which practically

prevented sale being resorted to any large extent; but the reason for them would appear to be the protection of the rights of the other persons interested, and not the prohibition of sale as in itself an evil. As to Mahomedan law, there appear to be no restrictions of any kind either as to sale or mortgage. No doubt it is possible to enact such a law as would prevent the execution of deeds of sale or mortgage in future. Such a law, however, would not prevent persons wishing to do so from transferring their land or an interest in it in some other shape. They might, for instance, call the transaction a gift, or a perpetual lease, or a purchase of an annuity on condition that the seller should hold the land so long as he paid the annuity. The only resource would be to declare land absolutely untransferable. This would be to subvert entirely the form of the property, and such a subversion could hardly be justified by any possible political or economic advantages.

V. - THE LIMITATION LAW.

App. B., p. 319.

107. It will be seen from the extracts quoted in the Appendix that there is a general opinion that the short period of limitation (three years) now allowed for suits for unsecured debts has the effect of enabling the creditor to oppress his debtor. Only one report is to the contrary. We are not, however, of opinion that any limitation law taken by itself can have this result. In the case of the ordinary debts of a ryot the law of limitation amounts to nothing more than a law by which the creditor is compelled to give the debtor a statement of his account. So far from this being an evil, it would seem to be the very best thing possible for the debtor. A fresh balancing of the account every year instead of every three years would, from this point of view, be better still. The only cost which the law puts upon the parties is the stamp, which is a comparative trifle, namely, one anna for every 100 rupees in a promissory note, and two annas for every 25 rupees on a bond. If

the transaction were, as it ought to be, something like the following the law of limitation would be the best for the protection of the ryot that would be devised:-

DEBT		CREDIT		
1865 Cash Rs. 50 for which a bond at 20 per cent is given	Rs. 50	1865 Jowari	Rs.	4 0
Interest for one year	Rs. 10	Karbe	Rs.	0 8
		Labour	Rs.	0 8
		Milk	Rs.	0 4
		Cash	Rs.	5 0
1866 Interest for one year	Rs. 10	1866 Bajri	Rs.	8 0
		Cash	Rs.	1 0
1867 Interest for one year	Rs. 10	1867 Jowari	Rs.	2 0
		Bullock	Rs.	30 0
			Total Rs.	51 4
			Balance Rs.	28 12
	Total Rs. 80			80 0

It would surely be much better that an account such as this, which is a very usual account, should be balanced and a fresh bond given for Rs. 28-12 at 20 per cent than that such transactions should be allowed to run on for 12 years when the original debtor may be dead, and if alive will certainly have forgotten what he has paid. This is the, legitimate use of a limitation law, and it can hardly be supposed that the objections made to a limitation law refer to such a use of it.

It is objected to this law that it enables the creditor to extort a renewed bond for a greater amount than that really due. The limitation law alone, however, cannot enable the creditor to practice such extortion. It would rather appear to be the power which the law gives to the creditor to threaten a suit, when a suit may mean the imprisonment of the debtor's person, the sale of his land and dwelling at perhaps a nominal price, and the stripping him of all his other property except the clothes on his back. The reason why he waits for two or three years may be that he has not the effrontery to ask for a bond for double his debt without any excuse, and the limitation law is the excuse he makes use of.

108. The main objection made to a short limitation law is that it enables the creditor to

obtain compound interest. Thus a loan of Rs. 100 for 12 years at 9 per cent becomes only Rs. 208 at the end of the 12 years. The effect of renewing the bond every three years is to raise this amount by charging compound interest up to Rs. 260, thus:-

First bond	Rs.	100
Interest for three years	Rs.	27
Total		127
Second bond	Rs.	127
Interest for three years	Rs.	34
Total	Rs.	161
Third bond	Rs.	161
Interest for three years	Rs.	43
Total	Rs.	204
Fourth bond	Rs.	204
Interest for three years	Rs.	55
Total	Rs.	260

When the interest is high and the bond renewed every two years, as is frequently done, the difference becomes enormous; thus at 2.5 per cent Rs. 100 in 12 years becomes at simple interest only Rs. 400, but by a renewal every two years under the limitation law it reaches the enormous sum of Rs. 1,139. The force of the objection

depends on the nature of the original agreement. If the agreement was to pay Rs. 25 per cent on the balance of his account, the debtor, instead of having to pay under the limitation law more than he had promised, would actually pay Rs. 316 less than he owed; for under such an agreement his liability would, at the end of 12 years, be Rs. 1,455 instead of Rs. 1,139. If, on the other hand, the agreement was to pay 25 per cent simple interest, or in other words to pay only Rs. 400 at the end of the 12 years, the effect of the renewal would be to compel the debtor to pay Rs. 739 more than he owed.

The ordinary form of agreement is to pay on demand the sum lent and interest at the rate fixed. This is in one sense an agreement for compound interest, as the creditor has only to get in his interest as it becomes due, and by lending it again to the same or another debtor he can recover the whole sum of Rs. 1,455 on his original loan of Rs. 100 at 25 per cent. If the creditor omits to get in his interest annually, this is an abandonment on his part of his right under the contract; and he then allows the debtor to have a distinct advantage which was not agreed upon, and loses a large part of his legal claim. But, although, strictly interpreted, this is the legal aspect of the contract, it appears clear that by the practice of the country, the taking of compound interest is not contemplated in the agreements entered into by the ryots. The agreements are for the payment of simple interest only, but with option to the lender to renew, and so to obtain compound interest if he finds himself losing by the transaction. The rates of simple interest are pitched so high in order to enable the lender to allow a long term of grace to the debtor without loss. The understanding is that, if the debtor is unable to pay, he shall not be pressed for the money. Under the old Limitation Law the practice is said to have been that the debtor, even if he paid nothing, was not sued or called upon to renew until the 12 years' limitation was about to expire, and that then he was only sued under the provision of *Damdapat* for double

the principal sum lent. In other words, on a promissory note for Rs. 100 at 25 per cent, payable on demand, the creditor did not use his legal rights to a greater extent than at the end of 12 years to sue for Rs. 200; that is to say, instead of treating the contract as one to pay Rs. 100 at 25 per cent on demand, he treated it as one to pay Rs. 100 at about 5 per cent on demand. When the debtor was in a position to pay, the creditor probably got in his interest annually, and thus was able to obtain compound interest for his money. While the debtor was insolvent and could pay little or nothing, such a practice had the effect of a rough insolvency law. It amounted practically to the creditor striking off annually such part of his debt as the debtor was unable from poverty to pay. The new Limitation Law compels the creditor to renew oftener than he did before; and the effect, no doubt, is that debtors have now to pay compound interest in a great many cases where formerly they would only have paid simple interest. This effect ought, of course, to be balanced by a corresponding reduction in the rates of interest. If lenders obtain compound interest more frequently than they did before they ought to be content with lower rates of simple interest. But it is evident that such a reduction in the rates of interest can only be brought about by a slow and roundabout process, namely, by increased competition, attracted by the increased profits of the trade, breaking down the old customary rates.

109. We are unable then to avoid the conclusion that the reduction of the period of limitation has been the cause of considerable hardship to the debtor. The question follows whether it is desirable to alter the law in this respect, and to return to the old period. Our opinion is that for the following reasons it is not desirable to do so. In the first place, there is no law in the statute book which it is so desirable to keep free from change as the Limitation Law. There have been two Limitation Acts in the last 16 years, and the present Act is only five years old. Secondly, for the reasons given at the head of this section, we

conceive that, if creditor and debtor stand on fair terms with each other, a short limitation is advantageous to both parties. Thirdly, we believe that the present hardship results from causes which will in time work out their own remedy. We are of opinion, however, that something may be done to relieve the present hardship by providing that bonds and other instruments written by the agency, which we propose should be appointed for the purpose, should acquire the extended limitation given to 'registered' instruments by the Limitation Act. The period for unsecured debts will then be extended from three to six years. There is no doubt that in the case of the agricultural debtor there are special reasons for considering an easy term of limitation desirable, for the ryot borrows chiefly against his annual income, and this annual income is uncertain.

VI - FRAUDS.

(a) - *Alleged practices*

110. Among the causes that produce a feeling of hostility on the part of the debtor towards the moneylender, is the general belief that the money-lenders cheat them in various ways. The most common practice is said to be that of omitting to give credit for payments made by the debtor. Written receipts, though often mentioned in bonds as necessary for the proof payments, are in practice never given by the money-lenders. The only provision of the law on the subject is the clause of the Stamp Act, which makes it compulsory to give a receipt for a sum of Rs. 20 or more. The clause as it stands, might be held to apply to money payments only, but in any case it is a dead-letter as regards the dealings of sowkar and ryot. The latter, when he makes delivery of produce to the sowkar, is not in a position to insist upon a receipt.

Of a similar character is the practice of refusing to show an account. Many sowkars do not keep such accounts as would be intelligible to a ryot, but none ever do more than come to a rough settlement at long intervals, usually when some new form is to be given to the debt. One ryot stated before the Commission that his sowkar had told him he could not spare time to make out an account, and if the ryot insisted he should have to charge him 10 per cent for the trouble. It has been mentioned that the mortgagee as a rule keeps no account of receipts during his possession of land, even when the interest on the debt is at specified rate. This practice enables the sowkar to omit credits for part payments when so minded. The Sub-Judge of Tásgaon says:- "The creditor in some cases gives credit for whatever little he receives, but there is nothing to convince the court or the illiterate debtor ** that he has certainly given credit for all the sums he has received." The Tálegaon Sub-Judge writes: - "The creditors, as a rule, hardly ever pass receipts for money received on liquidation of debts. The onus of proof lies upon the defendant, who being unable, through ignorance and other reasons "to prove the contention, is often obliged to pay his creditor again". The Pátas Sub-Judge in his notes of a case tried in his Court, says:- "Another fact established in this case is that, although the plaintiff admitted that he recovered Rs. 80 a month or two "after the bond, yet he charged interest for the whole Rs. 200 to date of suit, and credited Rs. 80 as if it had been received on the date of suit. This is the practice generally prevalent, viz., while calculating interest for the whole amount due from defendant to date of suit, no reduction is allowed for interest for part payments made before suit, giving credit for the amount as if the same had been paid on the date of suit."

That the ryot does not receive the consideration, named in the bond is a common complaint. It has been noted above that the deduction of discount and premium is usual, and also that the

ryot generally holds himself estopped from pleading want of consideration in the case of claims on a registered bond.

The complaint that sowkars obtain bonds in satisfaction of decrees, and then enforce the latter has already been noted in the extracts quoted regarding abuse of decrees; it is also believed that they retain and sue upon bonds which have been cancelled by the passing of new ones. It is certain at least that they often retain such bonds. In the proceedings of the police resulting from the ryots it was found that large numbers of the papers extorted by the rioters from the sowkars were superseded bonds, but none of them were found to be cancelled. The sowkars are also accused of imposing upon the ryots in various ways as, for instance, by inducing them to make contracts by promising some reservation in their use which afterwards they disregard, or by inserting conditions which they know to be illegal in order to frighten the debtor or to induce him to refrain from contesting a claim in court, or, when a suit has been filed, by persuading the debtor not to oppose it. In the execution of decrees they are accused of procuring seizure of property not belonging to the debtor on the chance of the real owner paying something to redeem it in order to save himself the trouble and expense of a petition to the court.

111. These and similar fraudulent practices are illustrated in the Appendices; their impunity is made possible only by the ignorance and helplessness of the Kunbi which places legal remedies practically beyond his reach. Actual forgery is no doubt occasionally committed by the moneylender, and he has recourse to false evidence and subornation of witnesses; but such offences are not confined to the sowkar class. As most constantly using the civil court, and most experienced in its proceedings, the sowkar class has no doubt more often occasion to use the means which all are too ready to have recourse to in judicial business. The element of gross criminality is hardly sufficient to be by itself a cause of serious

mischief, though it must be admitted that those moneylenders whose reputation in this respect is most evil are among the most successful in money making, and that they enjoy the fruits of their dishonesty in comparative impunity. To a sowkar, who is not thoroughly degraded, there is little temptation to commit serious fraud; the powers given him by the law are quite sufficient for his purposes without help from illegal weapons.

It is not surprising that the debtor, as is reported, sometimes endeavours to meet fraud with fraud. There is a strong concurrent opinion of local officers who have written on the subject, that the relations of the sowkar and ryot have been productive of considerable demoralisation of the latter. The sub-judges state that fictitious transfers of property and other fraudulent practices, such as pleading that bonds are false when they are really genuine, and tendering false receipts in evidence, are resorted to. It is also said that the ryots who know how to use these weapons against the Marwari are prosperous. But the contest is unequal. It requires some intelligence to use the resources of fraud and falsehood with any effect against the creditor; and, as we have seen, it is only in a small minority of cases that the debtor ventures into courts to try conclusions.

(b) - Is prevention possible?

112. The frauds to be provided against are of two classes:- (1) fraud as to the bond; (2) fraud as to the accounts. To prevent fraud of the first kind the only law in force in India is the Registration Act, which, roughly speaking, provides only for documents relating to immovable property above Rs. 100 in value. In most other countries the provisions against this kind of fraud are much more extended. In France the Code Napoleon (Article 2,127) provides that a mortgage can only be made by a deed passed before two notaries, or before one notary and two witnesses: also (Article 2,134) that all liens on immovables take order only from the date of registration: also (Article

2,154) that registration keeps alive the lien or mortgage only during ten years. Registration of all sales and other liens of immovables is, or lately was, made compulsory by the following Codes, namely, Austria, Holland, Russia, Ionian Islands, Prussia, the Roman States, Belgium, Baden, Hamburgh, Saxony, the United States, the Cantons of Vaud, Geneva, Valais, Saint Gall and Soleure, Louisiana, Haiti, Bolivia, Germany, Bavaria, Greece. In Denmark, Norway, and Sweden, such deeds, must be read publicly in court and recorded.

113. The Code Napoleon, Article 1,341, provides that every transaction (*acte*) relating to all things exceeding 150 francs in value must be made before a notary or by a writing under private signature, and oral evidence is not admissible to prove such transactions. Article 1,325 provides that acts under private signature which contain synallagmatical agreements are not valid, unless there has been made a number of originals equal to that of the parties having a distinct interest. Article 1,326 provides that an act under private signature by which one single party binds himself to pay a sum of money or a thing capable of being valued, must be written throughout in the hand of the subscriber, or he must, besides his signature, write the word *bon* or *approuvé*, and the sum or quantity of the thing in full, except in the case of tradesmen, artisans, labourers, vine-dressers, day-labourers, and servants. Several Codes follow the Code Napoleon in excluding oral evidence as to transactions. In most of the codes named above limits are fixed to the value of property which can be dealt with without written instrument and in England section 17 of the Statute of Frauds provides that a contract for the sale of goods of the value of 10*l* must be in writing, or that part of the goods shall have been accepted by the purchaser, or part payment made. Section 4 provides that no action shall be brought on a promise to answer for the debt of another or on an agreement in consideration of marriage, or for the sale of lands, or any interest in lands, and on

an agreement not to be performed within the year, unless such agreement, &c. is in writing and signed. Section 1 provides that certain leases, estates, &c. shall have the effect of leases, estates, &c. at will only, unless put in writing by the parties and signed by them. Several codes provide that certain contracts can only be made by means of a deed before a notary. In Russia leases of immovables, contracts to furnish, loans and contracts of service must be made before a notary, who is bound to keep a register, and is provided with a seal. If the contract of loan is not certified by a notary, the lender loses his right to interest, and his claim is postponed to that of other creditors.

Several of the codes make special provision for parties who are unable to read and write. Thus in Sardinia, it is provided that a deed by a person who cannot read or write is invalid unless signed by three witnesses, two of whom can write. In the Codes of Bolivia, Denmark, and Lucerne, it is provided that, there must be two witnesses who must read the document and explain its contents to the debtor. In Russia if the party cannot sign he must get the deed signed by his confessor or agent. By the Code of Friburg any party to a contract can claim that it should be reduced to writing, and when the other party cannot write that it may be made before a notary.

114. In England unqualified persons are prohibited from practicing as conveyancers under a penalty of 50*l*. In India there is no prohibition against the drawing of deeds by unlicensed persons, and the people who undertake this business are known to be often ill-qualified to perform it. In Oudh alone public notaries were appointed under rules laid down same years ago, and their appointment is said to have been popular. It thus appears that fewer precautions are taken in India for the prevention of fraud of the kind under consideration than in other civilised countries. A system of compulsory registration for all bonds was proposed in the Bombay Presidency in 1844,

and again in greater detail by Mr. Fraser Tytler in 1859. The objection was felt to be the inconvenience that would be caused to the public by too great interference with monetary transactions. This objection must of course always exist, but we think that something may be done in the direction required by the appointment of persons qualified to draw instruments at convenient distances over the country. With the appointment of such persons a simple system of registration may be combined. The object in view would be, not to introduce a novel system, but to regulate that now existing, by substituting for the present ill-qualified and irresponsible writers a qualified and responsible agency. We are of opinion that this object may be obtained with no appreciable sacrifice of public convenience and to the great advantage of public morality. As to the second class of frauds, namely, that relating to accounts, it seems to us reasonable that some simple means should be afforded to the debtor of compelling the delivery of receipts and accounts by his creditor.

VII. - THE ACTION OF THE CIVIL COURTS.

115. In the remarks of executive officers on the subject of indebtedness and of the oppression of the debtors, the evils complained of are frequently attributed to the "action of the civil courts". It appears to us that this expression is generally used without any intention of attaching personal blame to the judicial officers who constitute the courts dealing with the agricultural debtor. Indeed, such an intention has been repudiated by some of the officials who have used the expression. The practice of speaking of a particular branch of the law or administration by the name of its outward embodiment, the body of officials who represent it, is usual enough. There can be no doubt that in many cases where the "civil courts" are complained of as causing misery to the debtor, the real subject of complaint is the law those courts have to administer. If, as we hold, the powers of execution given by law to the creditor are oppressive, it is not surprising that the courts, through which those powers are exercised, should

get the blame which properly attaches to the law. It must be observed that the law has to presume equality between the Sowkar and Kunbi. We have stated that the dealings between them are conducted not by accounts, but by bonds. The sowkar comes to our courts to enforce a written contract; this form of suit is one in which more than any other it is dangerous for any inequality between the parties to be lost sight of, and at the same time the method of dealing is one that is calculated more than any other to aggravate the disadvantages of the illiterate debtor unable to anticipate the future. The task of tracing transactions imbedded in a mass of bonds, the nucleus of the original consideration incrustated with accumulations of interest, premiums, stamps, and account balances, and carried through repeated renewals, would baffle an intelligent accountant; but such transactions are often the subject of the sowkar's claim in the civil court. The contrast between the position of the English minor, protected by law from the consequences of youthful folly, and the condition of the Kunbi, whose folly is life-long, has often been drawn. The analogy may be not be perfect, but the comparison illustrates the point to which we ask attention; and it may be well to note that the Kunbi attains his legal majority at 18 years of age, and executes bonds during minority which, though not binding, he supposes to be so. It may fairly be said that the terms upon which suitors stand to each other in the Deccan is such as to make it desirable that there, more than in most places, the courts should be fully capable of holding the balance evenly between the parties.

116. But we have further to consider whether the court in the strict sense, that is, the subordinate judicial staff who have to deal with agricultural debt generally, are in any way responsible for the mischief's complained of. On this head we may say at once that there is before us, in the reports of many of these judges, ample evidence of a strong desire on their part to alleviate the miseries of the indebted ryot; and, so far as we can judge, their responsibility for the wholesome operation of the laws and system they administer would not

be denied by any of them. But it is possible that the judicial staff, though actuated by the best intentions, may be prevented by special causes from doing justice between man and man to the full extent desirable, and it is necessary for us to consider whether any such causes have been at work in the Deccan. Under the head of *ex-parte* decrees we have remarked on the fact that the subordinate judges are generally overworked, and we have pointed out how this fact must operate injuriously on the debtor, first, by preventing the judge from giving full attention to his case when unrepresented by a pleader, and, secondly, by causing delay in the disposal of suits. We have also pointed out that the inaccessibility of the courts must often tend to keep debtors from appearing in them. There remains another cause which is often quoted. This is the alleged technicality and want of equity of the courts. The judges are said "to have given the people the dry bones of law and procedure instead of the life-giving meat of equity and justice." Again, it is said; "the subordinate judge is quite aware of the inequitable nature of many of his decrees; but he is not a court of equity; he is bound to administer law, not justice, and is powerless to protect the ignorant Bheels." Upon these and similar statements the first remark we have to make is that it is a mistake to suppose that courts in India are bound only to administer law in the strict sense in which the term is here used. They are distinctly courts "of equity and good conscience" as well as of law. Secondly, it is certain that the laws of this country, as, for instance, the Contract Act, the Evidence Act, and the Civil Procedure Code, are as little open to the charge of technicality as any laws can possibly be. If, then, the complaints in this respect have any force, the blame must lie not with the law, but with the judges. It is quite conceivable that a subordinate judge, whose salary in many cases amounts only to Rs. 200 a month, and whose jurisdiction is as extensive, practically, as that of a high court judge, should, like all comparatively untrained and ill-educated lawyers, be inclined to view law in a technical

narrow manner. It is unlikely that the class of men who can be got for such a salary should be able to take such enlarged views of the points that come before them as would naturally be taken by judges of a higher intellectual calibre and greater culture. If the subordinate judges fall short in this respect of the proper standard, the remedy is clearly not far to seek, and higher pay should be offered to attract better men.

App. A., p. 292.

117. There is another cause which requires mention here as tending to make the action of the courts oppressive to debtors, namely, the high costs of suits. The costs of suits fall upon their debtors, and so long as they do not exceed the actual cost of the litigation of which the debtors are the cause, the charge is fair. But the income from the 88 Subordinate Courts, last year, was Rs. 16,89,744; while the expenditure on the courts, including salaries of judges and all officers attached to the courts, was only Rs. 6,90,717. These courts thus yielded a net revenue of nearly 10 lakhs of rupees. It is impossible to ascertain precisely how much of this surplus is absorbed in the support of the Appellate Courts. But we need not say that the object of courts is not to yield a revenue, and it is plainly proper that any surplus that may be derived from them should be devoted to improving the administration of justice in them, and not to any other object. There appears reason to think that some of the miscellaneous court charges such as fees for copying, cost in execution and attachment processes, and the like - are unduly burdensome, and if this is the case they should be reduced.

CHAPTER VI. - THE IMMEDIATE OCCASION OF THE RIOTS.

Refusal of the sowkars to pay the revenues.

118. We have now considered in detail what appear to us to be the general causes in operation for some time past in the disturbed districts which

by placing the debtor in a condition of unfair subjection to the money-lender aroused, or tended to arouse, hostile feelings in him. It remains to consider what were the particular circumstances which threw those feelings into action in the form of the riots. We have shown how the pressure upon the ryot of measures for the recovery of debt, and the reluctance of the sowkar to make further advances, had been gradually increasing from 1869 to 1875. This reluctance gave rise to a proceeding which is hinted at in the newspaper extract quoted in the first chapter of the report, viz., the refusal of the sowkars to pay the second instalment of revenue falling due in February and March on account of lands, the produce of which they had received from their debtors. An order of Government in the Revenue Department, Resolution No. 726, 5th February 1875, framed plainly with a benevolent intention, had directed that in the case of a defaulting occupant process for recovery of land revenue should issue first against the movable property of the occupant, and that the land should not be subjected to sale until this had been disposed of. A sowkar, therefore, who had paid the first instalment in order to secure the produce could refuse to advance the second instalment without the risk of losing the land as his security, so long as the cultivator had movable property to cover the amount of the Government demand; this was done during last season by many money-lenders, who thereby aroused against themselves the vindictive feeling engendered by a sense of deliberate wrong.

119. Our attention has been especially directed by the letter of the Government of India to the Bombay Government, No. 995, of 9th July 1875, to the questions whether the riots were in any way connected with the re-settlement of the land revenue, and whether the rioters were acted upon by the agency of persons of position and education.

Enhancement of Government demand.

We have already observed that the enhancement of the Government demand in the Poona districts operated simultaneously with the fall in prices to contract the ryots' solvency. There can be no doubt as to the effect of such enhancement upon the indebted cultivator. By diminishing his profits it renders him less able to repay his present debts, and it also renders him less able to borrow. On the creditor its effect will be to diminish his income both as a creditor receiving the profits of his debtors' lands and in many cases also as a proprietor drawing income from land in his possession. He will seek to recoup himself for these losses in his income by pressing his demand upon the debtor, and he will reduce the amount of future loans in proportion to the reduction in his debtor's income. By these natural consequences we believe that the enhancement of the Government demand contributed in the Poona districts to aggravate the result of the fall in prices.

Influence of persons of position.

We have not found any reason to believe that the ryots in committing themselves to the outbreak were as a body acted upon by persons of higher position and education. Among the influential classes there were many who would find their interest in the ruin of the Marwari or Guzar money-lenders; such were those who, like the Deshmukh of Kardeh, might expect on such a contingency to be saved from ruin themselves, and the large classes of Brahmins who formerly supplied many members of the banking and money-lending class, but who have not been able to compete with the more practised and unscrupulous foreigner. There is no evidence that the movement which culminated in the riots was organised or fostered by such persons with any comprehensive design, but it has been made apparent that in some cases the rioters had the support and countenance of persons of influence in their neighbourhood.

Encouragement from a band of outlaws.

120. There had been during 1874 a band of Koli outlaws committing dacoities on the hills of the western districts of Poona and Nagar. Their outrages were almost entirely perpetrated against the sowkar class, and, owing to the terrorism they created, a large tract of country enjoyed complete immunity from the exactions of Marwari creditors and their agents for many months. It is very possible that this example was an encouragement to those harassed by Marwari creditors in the neighbouring districts.

Circulation of a story.

A circumstance which perhaps more than any other precipitated the outbreak was the circulation of a story, which would seem too absurd to obtain belief even amongst the most ignorant, to any one unacquainted with the people or with the history of the Santhal rebellion or the Mutiny of 1857. The most popular form of the story was that an English *sahib*, who had been sold up by a Marwari creditor, had petitioned Her Majesty the Queen on the subject, and that she had sent out orders that the Marwaris were to give up their bonds. As more briefly told and largely believed, even by the more educated people of the villages, the story was condensed into the simple form that, on a report from India, orders had come from England that the Marwaris were to have their bonds taken from them. In some form or other this report was circulated, and a belief established that, acting under orders from England, the Government officers would connive at the extortion of their bonds from the sowkars. It is somewhat remarkable that a somewhat similar belief was entertained by the Santhals, whose rebellion in 1855 originated in similar causes.

Official inquiry as to money-lending.

121. During 1874 the district officers had been called upon to furnish information regarding the

people of their districts for the officer compiling the gazetteer of the Presidency. Amongst other subjects the business of the money-lender, the leading characteristics of his professional dealings, and his relations to the agricultural class had been inquired into. It is impossible to suppose that the fact of such an inquiry being made should not become known through questions referred to subordinate officials and in other ways; the fact becoming known, the object of the inquiry would be canvassed and most surely misapprehended by the masses of ignorant debtors, and in this way it may well be supposed that the absurd rumours above described being associated with the actual fact of the inquiry into sowkars' dealings would receive more ready credence. "The Government through the district officers had heard of the ill-treatment of its ryots by the sowkars, had caused inquiry to be made, and had now given an order which would redress their wrongs."

CHAPTER VII - REMEDIES RECOMMENDED BY THE COMMISSION.

122. Remedies for the evils resulting from indebtedness may be sought either in the removal or mitigation of the causes which lead to debt or in the removal or mitigation of its consequences.

Poverty.

Beginning with the causes of indebtedness as described above in Chapter III, we find poverty associated with unfavourable conditions of soil and climate as one of the causes. The only possible mitigation of this cause appears to be the improvement of the conditions of agriculture by irrigation; but we have seen that the incubus of debt requires to be removed before the ryots can be expected to avail themselves largely of such means. It might however, we are of opinion, be well for Government to consider whether the rules for carrying into effect the provisions of the Land Improvement Act might be modified in such a

manner as to make the help which Government is ready to give under that Act more available to the ryot than it is now found to be.

Ignorance.

123. The next cause of indebtedness is ignorance and improvidence. The natural remedy for ignorance is education. Experience has shown that from this no speedy improvement can be hoped. For the purpose of this inquiry we must assume not only that the Kunbi is uneducated, but that he will continue to remain so. Improvidence seems to follow as a consequence of ignorance. The expenditure in marriages and on similar occasions will, it may be hoped, gradually decrease (as it has been decreasing for some time past), and we have already recorded our opinion that if the Kunbi were not encumbered with debt even the present expenditure would not be excessive. In the measures which we shall propose below will be found one which we believe will go far to protect the ryot from the immediate consequences of his ignorance.

Increase of population.

124. The increase of population as a cause of debt can only be met by increasing the production of the soil or by emigration. We have seen that the former relief is for the present barred by the obstruction of present indebtedness and want of capital. But the introduction of canal irrigation cannot fail in time to change the face of a great part of the country. The experience of the North-west Provinces has shown that, though there may be reluctance at first to use canal water, the pressure of bad seasons sooner or later compels the ryot to make the experiment, and the reluctance is then overcome.

Rigid revenue system.

125. The fixed revenue demand associated with variation of season is another cause of

indebtedness. We do not at all under-estimate the importance of fixity of demand in the land revenue, but we question whether this advantage is not purchased too dearly by the ryots of a large portion of the disturbed district, perhaps also by the Government itself; for the Government limits its assessment in consideration of bad seasons, but is nevertheless forced to give remissions in years of drought. We will not refer to the frequent remissions during the early period of the late survey settlement in the eastern districts of Poona; but we note that large remissions were given in Indápur and Bhimthari in 1866-67 and again in 1871. The local peculiarities of the district then cannot be ignored; but at present they are recognised only in extreme cases, and only in the direction of reduction, never of enhancement. On the strict principles of the settlement, remissions should never be given. If these principles are departed from, it would appear reasonable that Government, which shares the loss in years of drought, should also share the profit in the years of great plenty. If it were possible to introduce a more elastic system than the present, which should yet be governed by fixed principles and avoid haphazard remissions, we believe that both the ryot and Government would in the end be gainers. This question is under consideration by the Government of the North-west Provinces with regard to its Bundelcund districts, which labour under the same disadvantages of climate. It is a question with the details of which we are hardly called upon to deal, but we believe it to be deserving of careful consideration, with the view to relieving Government of the responsibility, however indirect, of contributing in some measure to the ryots' embarrassments. As the outturn of produce in these "drought-stricken" districts varies directly with the quantity and timeliness of the rain-fall, and as these are matters which can be accurately ascertained, it may be possible that some system of adjusting the Government demand to the ryots' capacity within reasonable limits might be made to work without being open to the objection of uncertainty.

App. C., p. 289.

We may note here that in the Madras Presidency, where a Ryotwari Settlement exists, a system of annual remissions for loss and failure of crops, and for land falling waste through causes beyond the control of the ryot, is in force. The remissions range annually from 2 to 10 per cent. of the gross demand, which is about Rs. 40,000,000. The remissions for loss and failure of crops are granted in the form of a percentage on all lands which have suffered. No attempt is made to estimate individual losses; but the rate of remission, when necessity arises, is determined by the examination by local officers of a sufficient number of fields. The system is stated to work well. For the area of uncertain rainfall in the Deccan we should however be disposed to prefer a system of greater certainty, and one less dependent on local investigations. We may also note, with reference to the rigidity of the demand in the Deccan upon the persons (*App. C., p. 290.*) actually cultivating the soil, that in the North-west Provinces, where the money-rents paid by the cultivators generally fall short, as the assessment does here, of the full rent of the land, and where moreover seasons are "more certain, the rent-roll is still seldom collected in full by the landlords within the year. Either the landlord is merciful and makes allowance for the misfortunes or necessities of his tenants or the tenants are actually unable to pay in full. In most villages a balance of 5 or 10 per cent. will be left uncollected to be recovered in the next or following year, or in extreme cases to be dropped altogether. There is thus an elasticity in the demand; the landlord in fact acts as a buffer between the State and the cultivator.

Enhancement of assessment.

126. We are strongly of opinion that on revisions of assessment when the Government demand is enhanced more than 25 per cent., the increase should be imposed gradually, as is now the practice in the North-west Provinces. The

injurious consequences of a sudden enhancement have been noticed above; these would be in a great measure averted by a gradual increase, and there does not appear to be any objection to this method at all outweighing its obvious advantages.

Defects of the present law.

127. Of the remedial measures which we submit, it will be seen that one (a Bill for the Prevention of Frauds) is intended to protect the ryots in the first stages of debt before the creditor has gone to the Civil Court. We have above represented the particular disadvantages under which the ryot is placed, and the fraudulent and unfair practices to which he is exposed by his ignorance and helplessness at these stages; and we have indicated the manner in which it seems possible to afford him protection. We have also noticed the effect of the Limitation Law as abused by the creditor. The statement of objects and reasons attached to the Bill will show how its provisions may be hoped to meet these particular evils. The second Draft Bill is a measure designed to meet the hardships incurred by the debtor through the excessive powers given to the decree holder under the present law, the absence of all protection to the insolvent debtor, and the use of decrees in *terrorem*.

Alteration in conduct of judicial business.

128. Together with this measure we have to suggest an important, alterations in the present system of conducting judicial business in the Subordinate Courts. The following figures show the proportion of debt-suits to other suits in the Subordinate Courts of Poona and Ahmednagar, and the number of debt-suits below Rs. 200 and above Rs. 100, and the number of suits below Rs. 100:-

Proportion of debt-suits to other suits.

	Debt-Suits.	All Suits.	Percentage.
Nagar	8,444	9,008	93.73
Poona	7,457	7,978	93.46

Proportion of suits below Rs. 200 to other debt-suits.

	Debt-Suits.	Below Rs. 200 and above Rs. 100.
Nagar	8,444	1,210
Poona	7,457	1,087

Proportion of suits below Rs. 100 to other suits.

	Debt-Suits.	Below Rs. 100.
Nagar	8,444	6,523
Poona	7,457	5,735

App. C., p. 291.

In the Appendix will be found an analysis of the suits disposed of by the sub-courts, with reference to the question of giving the sub-judges the powers of small cause courts; which still further illustrates the nature of their work. Many of the sub-judges have been given the powers of small cause courts, and it is understood to be the intention of Government to confer these powers generally as qualified judges are appointed. In districts such as Poona and Ahmednagar, it seems to be of urgent importance that judges so qualified and exercising these powers should be appointed as a preliminary to the change in their present method of conducting judicial business.

129. We have stated that one reason of the non appearance of the Kunbi defendant is his inability to leave home for any time without loss. Another is the expense of pleaders. We think it essential to any judicial reform in the courts which deal with small agricultural debts that they should be easily accessible to the defendant and his witnesses, and, consistently with due order, as little as possible attended by the formal official surroundings of a regular stationary tribunal. For this purpose it is of importance that the small debt cases should be heard as near to the residence of the parties as possible.

Village courts.

We therefore recommend that in the jurisdiction of each subordinate judge, village courts should be opened in a number of localities sufficient to place one within easy reach of every village, so that litigants may be able to go to the court in the morning and return home at night. The market towns would, if suitable accommodation existed, be the best localities; so that the judge might hold his court during the bazar days. One advantage of this system of hearing cases on the spot would be that the witnesses and parties would be much more likely to state the case according to the truth, because they would be subjected to the criticism and public opinion of their fellow-villagers. A man would often lie in a distant court where nobody knew him, who would not do so in the presence of all his friends who knew the real facts.

A sufficient number of clerks or registrars would have to be provided to receive complaints and answers and issue summonses and warrants, and generally to prepare the cases to be heard in the village courts for hearing by the subordinate judge. For the actual conduct of cases the present establishments of the subordinate judges should supply a sufficient staff. The procedure in all small debt cases being that of a small cause court, the record would not require much labour. The subordinate judge should visit each court at stated intervals, the list of cases for hearing at each being published beforehand. We would recommend that the patel of every village should be made an officer of the civil court, to be present and to attest the execution of all processes, service of summonses, and such duties, for which the payment of a small fee would be sufficient. The executive portion of civil judicial business has in our opinion not benefitted by being conducted altogether independently of the village executive. In former times, we are told by a native judicial officer of experience, a patel would report to the munsif the conduct of a judgment-debtor endeavouring to make away with his property; now the

sympathy of the village official is rather inclined to the other side. In order to carry out these changes no alteration in the law appears to be necessary.

App A., pp. 278-291. Special pleader for illiterate defendants.

130. It has been suggested by officials to whose opinion we attach weight that a pleader should be appointed specially to represent the agricultural and illiterate defendants. We see no valid objection to such a measure, but prefer to confine our recommendations on the subject of the conduct of small debt cases to the proposals above made, hoping that, if the other measures which we submit are carried out, the defendants themselves may be more able and willing to appear in court when they have an answer to a suit; and trusting also that the subordinate judges will be able to deal with debt cases, as they ought to be presented under an improved system of trade, without the assistance of pleaders. The appointment of a pleader to represent illiterate defendants is a measure the advisability of which may be determined by experience.

Draft Bill for amending execution of decrees.

The Draft Bill for amending the law regarding execution of decrees contains provisions which may, we think, be safely made applicable to the whole of India. These are:-

1. The abolition of imprisonment for debt.
2. The exemption of necessaries from sale in execution.
3. The provisions protecting the judgment-debtor from a wrong use of a decree and making the decree a *finis litis*.
4. The limitation of decrees.

As to the detailed provisions regarding the sale of immovable property we are unwilling to hazard an opinion that they can be made of general application. The questions involved are very

numerous, and require a much more extended and minute inquiry than we have been able to bestow. As to the advisability of inquiry into the extent of a judgment-debtor's property before land is sold, we have little or no question that such a provision of law would be highly beneficial everywhere. As to the method by which the inquiry should be made and the other incidents of the procedure which the draft bill contains we feel that these subjects require the maturest consideration and reference to the best judicial authorities before any measure generally applicable could be resolved on.

132. Regarding the general provisions of the Draft Bill little remains to be said which has not already been anticipated in our remarks on the evils which they are intended to remedy. As to imprisonment and protection to the debtor's necessaries, it is quite unnecessary to do more than refer to those remarks. The provisions relating to the sale of immovable property present the following features which call for remark:-

- 1st. That immovable property should be sold only by order of-the district court and after inquiry.

It would be manifestly impossible for the subordinate court, which is fully occupied with small debt cases, to conduct the inquiries which we advocate. If, as may be expected under an improved system of money dealings and with a more accessible court, more debt cases are defended the time of the sub-judge will be mainly occupied in disposing of such cases. The member of the district court, to whom the duty of making inquiries would fall, would be better able to deal with points of law than the sub-judge, and such points would be frequent. The small cause court judges cannot now order sale of immovable property in satisfaction of a decree, and the sub-judge who would sit in a small cause court would have to transfer the decree for execution. It is not desirable to let the sale of land remain as at present a process of no more responsibility to the judge or difficulty to the decree holder than,

as the native, quoted by Mr. Pedder, puts it, "the sale of a bullock or a turban". As regards the method provided in the Draft Bill for a partial sale of the interest in land, we would observe that it is not open to the objections above stated against the *temporary* alienation of the whole. The other alternative processes allowed by the present law are open to the court; but this might, we think, be safely added. The right of pre-emption given to the collector offers some security against unnecessary sales being brought about by combination or fraud, for within safe limits the Government would probably be willing to sanction what would practically amount to enhancement of the assessment to a rackrent.

133. Regarding the provisions drafted to make the decree final and to prevent its abuse, we quote the following extract from the Administration Report of the Central Provinces for 1874-75 :-

Bonds in adjustment of decrees.

"The point to be determined seems to be this, whether a decree is a final settlement of a transaction, or whether in the same way as a decree supersedes an old contract or agreement, either by decreeing its enforcement or some penalty in lieu thereof, a decree itself can be superseded by a private agreement between the parties made without the cognizance of the court which passed the decree. It seems difficult to hold the latter view; first, because the Code of Procedure lays down that a payment on a decree must be made through the court, and if not so made shall not be recognised by the court; hence a decree holder, if he obtained payment or part payment with a fresh bond from his debtor, might take out execution of his decree, while the court could not give the debtor the benefit of any payment he had made, and the creditor would afterwards again sue on his fresh bond.

"But if it be lawful to supersede a decree by a fresh bond, of what use is it for the Committee revising the Code of Procedure to suggest that no decree shall remain alive beyond 12 years? It would be no relief whatever to debtors in the Central Provinces, where it is believed that a very large proportion of decrees are, immediately on being obtained, superseded by fresh bonds, and thus the deciding of a suit and the passing of a decree are not by any means the end of a transaction, but only one stage of debt case which is for ever before the courts. In this case there is no *finitis litis*, and this would explain also why there are so many civil suits in these provinces, so many instituted year after year. They are in great measure only the same cases coming up over and over again."

On the limitation of decrees to six years we have to note that in the new Draft Procedure Bill it is proposed to fix a limit of 12 years, and that in the Bengal rent law, (Act X of 1859) decrees of under Rs. 500 in value are limited to three years.

134. In the present state of the law an Insolvency Act is in our opinion urgently needed. If the changes which we recommend in the law for the execution of decrees are carried out, the need of an Insolvency Act will, we think, be much lessened. As it is impossible to provide any insolvency law, which would be restricted in its application to the agricultural debtor class with whom we are concerned, we do not find it in our power to make any specific proposals regarding such a measure, nor do we consider that, so far as the needs of this class are concerned, this subject presents any great difficulties.

Objections to proposed measures.

135. Measures such as those which we advocate may be objected to on the ground that, as they directly tend to reduce the sowkar's security by limiting his powers of recovery, they will raise the rate of interest. The limitation of the powers

