

of recovery, together with obstacles in the way of unfair dealing, will, we are of opinion, operate rather to restrict the sowkar's business to its legitimate limits; that is to say, by raising the rate of interest will exclude the worst class of borrowers from obtaining loans altogether. The rate is, under the present conditions of the sowkar's trade, in some degree determined, by the risk of the worst cases but the worst class of debtors would not be able to borrow money at all, or only very small amounts, if the creditor had not the large powers which the law now gives him; if these powers are withdrawn, the money lender will have to restrict his dealings to the more solvent and respectable borrowers, and they will not be burdened with the risks of the bad debtors. The effect of changes favourable to borrowers has been rather to enlarge the area of indebtedness than to reduce interest. A change in the opposite direction may be expected, therefore, to contract the area rather than enhance interest. The best class of sowkars rarely have recourse to the civil court; their business would be hardly affected by any change in the law; the effect of the proposed changes then would fall upon the lower class; it is this class only which lends to the poor and least respectable ryots; the better class of borrowers will always be able to obtain credit from the better class of sowkars who do not depend upon the civil courts for the recovery of their debts.

We are further of opinion that while the delays of inquiry preliminary to sale of land will tend to make the security unpopular at first, on the other hand the enhanced value to be expected from sales of good title will bring a re-action in this respect, and eventually improve land as security.

136. It is not improbable that the objection may be raised to the measures proposed, on financial grounds, that they would involve a large increase in judicial machinery and corresponding outlay. On this point we would observe as follows:-

First, there is a surplus to be disposed of, income from Court fees in the Subordinate Courts being at present considerably in excess of the expenditure. On this subject we would invite attention to the remarks of the Judge of Tanna at p. 294, Appendix A.

Secondly, it may reasonably be anticipated that, if the measures which we advocate become law, there will be a very material reduction in the work of the Subordinate Courts, which is now believed to be beyond their strength. Improvements in the system of dealing ought both to improve the relations of debtor and creditor and to facilitate the disposal of suits when the parties differ. Curtailment of the creditor's excessive powers of recovery by law ought to check undue dealings and the vast amount of debt due from insolvent, or nearly insolvent, estates, which give occasion both to constant suits and to constant applications for execution. The extension of limitation for bonds will enable the debtor to stave off the constantly recurring crises which end so often in a suit. The restriction of the currency of decrees and the discouragement to their adjustment by new bonds will stimulate the creditor to obtain speedy satisfaction and reduce the number of processes. The hearing of cases on the spot by enabling the court at once to procure the attendance of witnesses and production of evidence will obviate delays and postponement. The use of the Small Cause Court procedure will promote dispatch. For these and similar reasons it may be anticipated that, although a heavy pressure of work at present is to be anticipated, the ultimate effect of the measures proposed will be to bring the work of the Subordinate Courts within their powers, and that the only additional machinery which the carrying out of those measures would involve, will be an increase in the staff and establishment of the District Court. Against the increase of work entailed by the inquiry preliminary to a sale of land, must be set off the large number of appeals in suits growing out of such execution sales. Of suits relating to immovable

property about 1 in 5 are appealed, and of this class of suits out of 6,020 in the Presidency of Bombay 4,329 grew out of execution sales. It may be anticipated that the effect of the proposed measure will be to reduce very considerably the number of applications for sale of land. Allowing then for the reduction in appeal cases and in the number of applications for sale, and considering that the Judge would ordinarily refer to the Subordinate Court the duty of inquiring into the simple claims certified before it, it may reasonably be expected that the addition to the District Bench need not be so large as might at first sight appear probable, looking merely at the number of applications for the sale of immovable property under the present law.

#### *Measures for dealing with present debt.*

137. Regarding immediate measures for dealing with the existing debt in the disturbed districts, proposals were submitted by a member of the Commission, and are now before the Government. It may be anticipated that the discussion of the measures now proposed will make creditors eager to use the powers they possess against their debtors, in view of their possibly being deprived of some of them; to meet this danger we consider that it would be well for the Government to consider the advisability of applying the provisions of the Draft Bill for altering the execution of decrees to the districts of Poona and Ahmednagar by a special Act.

#### **BILL FOR THE PREVENTION OF FRAUDS.**

##### *Statement of Objects and Reasons.*

Money-lenders are frequently charged with cheating their debtors-

- (1.) By forging bonds.
- (2.) By withholding the consideration mentioned in a bond.

- (3.) By obtaining new bonds in satisfaction of old bonds and of decrees, and nevertheless enforcing the latter.
- (4.) By not giving credit for payments.
- (5.) By refusing to explain, or by wrongly representing, their accounts to their debtors.

Debtors are charged with cheating their creditors-

- (6.) By pleading that bonds are false when they are really genuine.
- (7.) By tendering in evidence false receipts and false evidence of alleged payments.

The present short period of limitation for unsecured debts is believed to cause hardship to debtors.

To prevent frauds of the kinds (1), (2), (3), and (6), a system of compulsory registration of all bonds was suggested in 1844 and again 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 always exist, but it is thought that something may be done in the direction required by regulating the agency employed in bond writing, that is by substituting for the present ill-qualified and irresponsible writers a qualified and responsible body of men. The present Registration Law (Act VIII, 1871) provides, roughly speaking, only for documents relating to immovable property above Rs. 100 in value. It is proposed in this Bill to supplement the Registration Law by providing a cheap and simple method by which persons desiring to execute any instrument may get it reduced to writing and registered. Sections 1 to 6 provide for the appointment of public notaries, whose duty it will be to write and register instruments in sufficient numbers in every district. To both parties there will be the advantage that each will be made more secure against fraud by the other; to the obligor, that he will receive a copy of the instrument. It is further proposed (section 7) to give to instruments registered by a public notary the extended term of limitation secured to instruments regularly

registered by clause 6, section 3, of the Limitation Act. These advantages, and the knowledge that henceforth an instrument written by any one but a public notary will be regarded with suspicion by the courts, will probably be sufficient to induce the people generally to use the notaries' services. It is proposed, however (section 12), to penalise the writing of instruments for hire by unlicensed persons. With regard to certain instruments to which one of the parties is a person unable to read or write, and therefore a person requiring special protection, a compulsory clause seems necessary, and, has been included in section 12. It is not thought desirable to make the penalty take the form of invalidity in the instrument itself.

To prevent frauds of the kinds (4), (5), and (7), the expediency of enforcing the delivery of receipts and accounts has been often insisted on. Sections 8 to 10 of this Bill provide for the delivery of receipts and accounts. A debt may be due either under an instrument or on an account. In the first case the debtor can claim a receipt for any payment made (whether in money or kind) and a statement of account at the end of the year. In the second case, the debtor can claim a pass-book and can require his account to be written up in it at any time. The difficulty follows as to the penalty for non-compliance. Section 10 of the Bengal Rent Law (Act X., 1859) provides that any tenant from whom a receipt for rent paid is withheld can recover damages not exceeding double the sum paid. But the section is understood to be not very effective, owing to the reluctance of tenants to sue; and a similar provision would probably be ineffective here. It might be made more effective by providing that damages could be allowed as a set off against a suit by the creditor. But this would be a roundabout method. Section 27 of the Stamp Act provides a fine of Rs. 100 for any person refusing to give a receipt for any sum exceeding Rs. 20 in amount, and the offence (section 44) is triable by a magistrate. It is true that the object of this penalty is to secure the stamp revenue, not to protect the person making the

payment, but none the less does it constitute the withholding of a receipt for certain sums a criminal offence. It is proposed in this Bill to extend the penalty and the magistrate's jurisdiction to the withholding of a receipt for any payment, and to the withholding of accounts and pass-books. The moral effect of this provision will probably be such that, it will seldom be necessary to enforce the penalty. Section 13 enables the Local Government to exclude any district or place from the operation of the Act. It will perhaps be considered desirable, in the first instance, to exclude the city of Bombay and large towns.

With regard to the rules which will be framed by the Local Government under section 2 for the appointment and direction of public notaries, the following suggestions are made:-

- (a.) - The remuneration of a notary should consist partly of a fixed allowance, and partly of a share or the whole of the fees taken by him.
- (b.) - The fees should be low and adjusted by a simple scale:  
e.g., 2 annas when the amount involved does not exceed Rs. 25  
4 annas when it exceeds Rs: 25 and does not exceed Rs. 50  
8 annas when it exceeds Rs. 50 and does not exceed Rs. 100  
1 Re when it exceeds Rs. 100 and does not exceed Rs. 1,000  
5 Rs. for any sum over Rs. 1,000.
- (c.) - The payment of fees might be conveniently effected by the purchase of an adhesive stamp to be affixed to the instrument.
- (d.) - All sub-registrars should be notaries.
- (e.) - All notaries should be licensed stamp-vendors.
- (f.) - Qualified kulkarnis might be notaries.
- (g.) - Notaries might be of two grades, the lower qualified only to write certain instruments.

- (h.) - Printed specimen forms of common instruments should be distributed to notaries.
- (i.) - On the copy of the instrument which is given to the obligor should be printed a note informing him of his legal rights under the Act; *i.e.*, his right to demand a receipt, an account, or a pass-book.
- (j.) - Licenses to draw and write instruments should be granted to vakils, attorneys, solicitors, and barristers on application.
- (k.) - Every public notary should be directed to furnish to the kulkarni of any village, on application by him, from time to time, information of all conveyances, mortgages, and leases of lands in that village registered by him.

#### **DRAFT BILL.**

WHEREAS, - in order to the prevention of frauds, it is expedient to appoint public notaries, and to enforce the delivery of receipts and accounts by creditors in the Bombay Presidency, it is hereby enacted:-

#### *Public Notaries.*

1. Public notaries for the purposes of this Act shall be appointed in every district.

2. The Local Government shall frame rules for the appointment, location, and remuneration of public notaries, and for the due performance of their duties.

3. Every public notary shall keep a register of instruments written by him. The leaves of this register shall be numbered in a consecutive series. Each leaf shall consist of two parts bearing the same number.

4. When persons desiring to execute any instrument present themselves before a public notary, he shall, after ascertaining their identity, and receiving from them the prescribed fee and

the necessary stamp, write the instrument, and cause them to execute it before him. When any of the parties is unable to read or write, he shall cause the execution of the instrument to be attested by two witnesses.

5. The public notary shall make two copies of the instrument, when executed, on a leaf of his register, and shall note on the instrument the number of the leaf. He shall deliver the instrument to one party and a copy to the other party, and the remaining copy shall remain in the register.

6. In any instrument written by a public notary, the amount and nature of the consideration shall be fully set forth. If the consideration consists either wholly or in part of the cancelment of previous instruments, those instruments shall be separately described. On the back of the instrument the public notary shall also record the date, hour, and place of execution, and shall also record whether or not transfer of the consideration or any part of it took place in his presence.

7. All instruments written by a public notary as above provided shall be deemed to have been "registered" within the meaning of clause 6, section 3, of the Limitation Act.

#### *Receipts and Accounts.*

8. Any person making a payment under any instrument shall be entitled to receive a receipt from the person to whom payment is made. If the payment is made under an instrument written by a public notary, the receipt shall, if the person on behalf of whom the payment is made requires it, be endorsed upon the copy of the instrument furnished to him.

9. Any person by whom payment is due under an instrument shall be entitled to receive from the person holding the instrument within one month after the date on which by local custom annual accounts are balanced, a statement of his account

up to that date. The Local Government may, by a notification in the Government Gazette, declare the date in force in any district or portion of a district.

10. Any person in whose name an account is kept by any trader or money-lender shall be entitled to receive on demand a pass book, and at any time to require that his account be written therein. The entry in a pass book of a payment received shall be deemed to be the delivery of a receipt.

#### *Penalties.*

11. Any person who withholds a receipt required to be given by section 8, or

a statement of account required to be given by section 9, or

a pass book required to be given by section 10, or who refuses to write up an account in a pass book, as required by section 10, shall for each such offence be liable, on conviction before a magistrate, to a fine not exceeding Rs. 100.

12. Any person, not being a public notary or specially licensed, who writes an instrument for hire, or who, whether for hire or not, writes a bond; conveyance, lease, mortgage-deed, or promissory note, intended to be executed by a person unable to read or write, shall for each such offence be liable, on conviction before a magistrate, to a fine not exceeding Rs. 100.

Provided that nothing in this section shall apply to any public officer writing an instrument in the course of his duty, nor to any person employed to write an instrument not drawn by himself.

#### *Operation of the Act.*

13. The Local Government may, by a notification in the *Government Gazette*, exempt any district or portion of a district from the operation of this Act.

### **BILL FOR AMENDING THE LAW, RELATING TO THE EXECUTION OF DECREES.**

#### *Statement of Objects and Reasons.*

The necessity for an Act in some form for the purpose of relieving debtors from the oppressive nature of the present law for the recovery of debt has been shown in our report. The law in this respect is believed to be more severe than that of any other country, and the intention of the Bill is to reduce the creditor's power to what we believe to be sufficient for the protection of legitimate trading.

The first section is for the abolition of imprisonment for debt. This is not only the existing law in England and elsewhere, but from the debates on the Civil Procedure Bill, it would appear that it was intended that by the provisions of that Act imprisonment for debt should be for all practical purposes abolished. Mr. Harington said that the effect of his amendment would be that "a judgment-debtor, who on being arrested could satisfy the Court of his inability to pay, need never go to jail at all". The facts before the Commission show that this intention has not been affected by the terms of the Act, and the object of the first chapter of the proposed Act is simply to ensure that what was then intended shall in future actually be the law. The object of the sections of Act VIII. of 1859 relating to imprisonment is simply to obtain a full disclosure of the property of the debtor. This object it seems to us can be better accomplished by giving the creditor power to call upon the debtor to give in a list of his property. The debtor can be punished with imprisonment if he refuses, and he can be punished for perjury if he gives a false account of what he has, or he conceal or make away with such property fraudulently.

The second proposal is that necessities should be exempt from sale. It seems hardly necessary to explain why such a rule is required. Small houses have been added to, and beds have been

omitted from, the list usually given; in India, where living in lodgings is almost unknown except in cities, dwelling ranks among necessities before a bed.

The third proposal relates to the sale of immovable property; the object of it is to prevent unnecessary sales of land and to secure the full value of such as may be sold. At present there is so great insecurity in purchases of immovable property at court sales that frequently only nominally prices are realised, and consequently valuable lands have to be sold unnecessarily. If the title were first inquired into, such unnecessary sales would not occur. At present a purchaser sometimes acquires nothing but a crop of litigation. Out of 6,020 suits relating to land, no less than 4,329 arise from execution sales; the effect of the proposed provisions will be that most of these 4,329 suits would be disposed of before the sale instead of after it, and the sale would thus become a real instead of a nominal one.

The fourth chapter relates to the abuse of court process which, according to the evidence before the Commission, is extensively practised. It is intended thereby to enable the debtor to avoid such agreements as are referred to by Meer Mahomed Khan, Jaghirdar of Sind, who on several occasions was forced, under pressure of court process, to agree to pay double and treble even of what he owed. A further object aimed at is to make the decree the *finis litis* and not merely a basis for a new bond and a new decree *ad infinitum*.

The fifth chapter is intended to prevent decrees running on to an unlimited extent against the after acquired property of the debtor.

#### DRAFT BILL.

WHEREAS it is expedient to amend the law relating to the execution of decrees; it is hereby enacted as follows:-

#### *I. - Of abolition of imprisonment for debt.*

1. The following Acts are repealed to the extent specified opposite to each:-

Number of Acts	Extent of Repeal
I. Act VIII of 1859	Section 273 to 283 inclusive. Section 201 and 212, so far as they relate to arrest and imprisonment in execution of decrees.
II. Act XXIII of 1861	Section 8. Section 13 so far as it relates to arrest and imprisonment.
III. Act XI of 1865	Section 19 so far as it relates to arrest and imprisonment.

#### *II-Liability of judgment-debtor to furnish a list of his property, and exemption of certain property from sale in execution.*

2. The judgment-creditor shall be entitled to a complete list of the judgment-debtor's property. For this purpose the sections of Act VIII. of 1859 relating to witnesses shall be applicable to judgment-debtors, and on the application of the decree holder the Court shall summon the judgment-debtor and call upon him to furnish a complete list of his property.

3. Section 205 of Act VIII of 1859 is amended by adding the following words:-

Provided always that the following property shall be exempt from attachment and sale:-

- (1.) The necessary wearing apparel of the defendant and his family.
- (2.) Necessary agricultural stock and implements.
- (3.) The tools of his trade.
- (4.) His dwelling-house.

The value of the whole property so exempted shall not exceed Rs. 200.

*III. - Mode of selling immovable property.*

District Court this ——— 187 ———.

3. The following sections shall be added after the sections of the corresponding numbers in Act VIII of 1859:-

L. S., Sub-Judge,  
Clerk of the District Court.

207A. When the application is for an attachment of land or other immovable property belonging to the defendant, it shall be made to the District Court.

Note: - Summonses to witnesses may be procured at any time on application to me, at ———

L. S., Sub-Judge,  
Clerk of the District Court.

245A. Before issuing a warrant for the sale of immovable property of the defendant the Court shall hold an inquiry into the extent of such property and its net annual value.

245B. The fact that such inquiry is about to take place shall be advertised in such manner as the Court may direct by a proclamation in the following form:-

In the District Court of at  
No. of Suit.  
A. B. -*Plaintiff*  
C. D. -*Defendant*

The date for the adjudication of the claims as aforesaid shall be so fixed as to allow an interval of at least 30 days from the date of the publication of the proclamation to the date of the hearing, and any claim not made on or before the day so fixed shall not afterwards be entertained by any Court unless the claimant prove that he had no notice of the inquiry.

245C. The Court shall open the inquiry at the place mentioned in the proclamation, and shall have full power to decide as to claims made both in regard to their validity and amount; or the Court may refer such claims, or any of them, to any Civil Court within the district having jurisdiction. The decision made by such Court on such reference shall have the effect of a decree in an ordinary suit between the parties as to the claim referred.

Whereas the said A.B. on the ——— day of 187 ———, obtained a decree against the said C. D. for the sum of Rupees ——— whereof Rupees ——— still remain due, and whereas the under-mentioned property has been attached in execution of the said decree, all persons having claims of any description against the said property are hereby called upon to certify to this Court at ———; or to ——— the Sub-Judge at ——— on or before the ——— day of ——— next, and as this date is fixed for the final adjudication and settlement of all such claims, all persons having claims as aforesaid must be prepared to produce on that date at ——— all their evidence, whether oral or documentary, for the purpose of proving their claims.

245D. If at the conclusion of the inquiry it shall appear to the Court that the net annual profits of the property for 20 years are sufficient to pay all claims thereon both of the decree holder and of others, the Court may declare the amount of the net annual profits to be a first charge on the land, and may proceed to sell such charge for such a number of years, not exceeding 20, as shall be sufficient to pay all the claims.

245E. When a charge upon land has been sold as provided in section 245D, the collector shall have the right of pre-emption; provided that the right of pre-emption shall be extinguished, if not exercised, within one month of the date on which

Given under my hand and the seal of the

the sale is made absolute by the Court. The right of pre-emption shall be exercised by the collector by a notification to the Court, to which shall be appended a copy of the proclamation of sale; and on such notification being received and accepted by the judge, the collector shall become owner of the property and shall be liable to pay the price of it to the persons entitled thereto.

245F. When a charge has been purchased by the collector, either in open sale or by pre-emption; he may recover the annual amount due as a revenue demand.

246G. If it appear to the Court that the net annual profits of the property for 20 years are not sufficient to pay the claims thereon, the Court shall issue a warrant for the sale of the property and pay the claims out of the proceeds of the sale in the order of their respective priority.

4. In section 249 for the words "The proclamation shall also declare that the sale extends only to the right, title, and interest of the defendant in the property specified therein", shall be substituted the words "The proclamation shall also declare the extent and nature of the title which is about to be sold".

5. Section 252 the word "movable" shall be omitted.

6. For section 259 the following shall be substituted:-

After a sale of immovable property shall have become absolute in the manner aforesaid, the Court shall grant a certificate to the person who may have been declared the purchaser at such sale, describing the nature and extent of the title purchased by him in the property sold, and such certificate shall be a valid transfer of such title.

#### *IV. - Agreements extorted by process of execution or threats thereof.*

7. Any agreement made by way of an adjustment of a decree shall be carried into effect by the Court executing the decree and not by a separate suit.

8. Any agreement obtained by the use of process in execution of decrees, or by a threat thereof, against any person for the purpose of coercing that person to enter into such agreement, shall be void; provided that the Court may give such compensation as may appear to be just in consideration of the creditor postponing the use of such process.

#### *V.-Limitation of decrees.*

9. Section 207 of Act VIII. of 1859 shall be read as if the following addition was made thereto:-

Provided that no such application shall be received after the expiration of six years from any of the following dates, namely,-

- (a.) The date of the decree sought to be enforced;
- (b.) When the decree directs or the parties have agreed to a payment by instalments, the due date of the instalment, of which payment is sought to be enforced.

#### **MINUTE ON THE CONNEXION OF THE REVISION OF ASSESSMENT WITH THE RIOTS.- BY MR. RICHEY.**

THE Commission have, in their joint report, stated their concurrent opinion on this question. Mr. Carpenter and Mr. Lyon go further, in attributing the outbreak more directly to the enhanced assessments, and desire to record separate minutes on the subject. I here state briefly the grounds on which I dissent from them.



I take Mr. Carpenter's minute as affecting the issues on which we differ in a convenient form. I have recorded in the report my concurrence with the other members that a large enhancement imposed all at once must affect the credit of the cultivator, and cause the sowkar to refuse advances and press for payment, both of which proceedings are unpalatable to the debtor.

Mr. Carpenter is of opinion that these consequences were unduly aggravated to the debtor in the recent revision by-

*1st* - The enhancements being imposed at one blow.

On this head the Commission are unanimous that largely increased demands should be arrived at gradually, as recorded in their report.

*2nd* - The enhancements being impossible to foresee.

As regards the greater part of the revised district this is hardly the case. The revised rates of Indápur, sanctioned in 1867, gave warning to the sowkars of Bhimthari of what to expect when the revision took place there, four years later.

*3rd* - The enhancements being excessive.

This consideration is important from a revenue point of view, and Mr. Carpenter's criticism of the operation of revision, recorded in a separate note, will probably help to confirm the Government in their view that the revised rates as at first assessed were heavier than it was desirable or intended that they should be.

But the question before us is whether a difference of say 30 per cent. in the degree of enhancement would materially aggravate the admitted results of an increase in assessment.

In the first place I must record my opinion that, in comparison with the consequences to the ryot of the fall in prices, the results upon his credit of the enhanced assessment are a mere flea-bite. This can be perhaps best illustrated by simple figures.

A ryot has 30 maunds of grain, net revenue. With prices at the rates of 1865 he paid his assessment with 5 maunds, and his sowkar got 25. In 1873, the value of the grain having decreased to half the rate of 1865, Government got 10 maunds, and the sowkar 20; but whereas the sowkar's 25 maunds in 1865 was worth, let us say, Rs. 50, his 20 maunds in 1873 is worth only Rs. 20. If, prices remaining at the rate of 1873, the Government demand is made 13 maunds, the sowkar will get 17, worth Rs. 17; if the Government demand be raised to 16 maunds, the sowkar will get 14, worth Rs. 14.

Thus an enhancement of 60 per cent. in the assessment will make a difference of Rs. 6 in the sowkar's receipts as compared with Rs. 30 lost to him by the fall in prices, and the difference between an enhancement of 30 and one of 60 per cent. is only Rs. 3.

It appears to me, therefore, impossible to conclude that the difference between a moderate and a high rate of enhancement would affect the ryot's credit, or rather want of credit, to a serious extent.

Next I would observe that, the ryot's credit is not dependent only upon the revenues of his Government holding, and in the case of the embarrassed ryot owing more than 18 times the enhanced assessment, the amount of enhancement bears a very small proportion to the yearly interest of his debt.

*4th* - The enhancement being unequal.

This would not much affect the sowkars. Whatever pressure the increased Government demand induced them to put upon their debtors would, I think, be distributed impartially over all; but Mr. Carpenter suggests that the inequality may have produced a sense of hardship in the ryots highly assessed, who saw others more fortunate

than themselves. This is natural and most probable, for it is not likely that the bulk of the people clearly understood the causes of the variations in the revised rates. But this result of the inequality would not affect the ryot as a debtor, and belongs rather to that part of Mr. Carpenter's note which describes what he supposes to have been the temper of the ryot before the outbreak. He supposes that the ryots of the revised districts were driven to despair, that "the Kunbi thought that the Government had set its face against him on the one side, as the Marwari had on the other," and that he accordingly took the law into his own hands. Mr. Carpenter says, "That the enhancement should act upon the Kunbi in this way is at least probable".

Thus Mr. Carpenter associates the riots with the enhanced assessments -

*1st*-Through its effects on the ryot's credit.

*2nd*-Through its producing a feeling of desperation.

On the former point I have already stated my opinion.

On the latter point I would observe that there is no evidence of such a feeling on the part of the Kunbi except the presumption arising from the outbreak; but the outbreak was directed entirely against money-lenders, and almost entirely against one class of them, and, as noted in the report, was conducted with a very practical and definite end, and there was no indication of the state of desperation supposed by Mr. Carpenter, but in my opinion rather the reverse. It appears that Mr. Carpenter first arrived at the conclusion that the riots were directly connected with the enhanced assessment, and to account for this connexion supposed the feeling of desperation to have probably arisen. Briefly stated, the chief

grounds for his belief that the riots were directly connected with the enhanced assessment are *post hoc, ergo propter hoc*.

I will take the same grounds for a conclusion which is, I think, better warranted by the facts.

Mr. Carpenter says: "The Marwari had not got new powers over the Kunbi. The 'Court pest' was what it always was. Seasons had not been worse than usual."

This, I think, entirely underrates the gravity of the circumstances which Mr. Carpenter himself admits to have been the main cause of the outbreak. The figures given in the Report show that if the Marwari had no new powers, he had used during the six years previous to the outbreak those which he had always possessed, to an extent which may well be regarded as intolerable to the Kunbi, and the "Court pest" had been intensified to the utmost. If seasons were not worse than usual, prices were. Mr. Carpenter goes on to say, "The only new fact was that the Government assessment had been raised largely."

Without pressing this point too much I would observe that in Indápur the assessment had been raised seven, and in Bhimthari three years before the outbreak.

In my opinion there is no need to look for any other cause for the riots than that which is admitted to be the main cause.

The phenomena is one familiar in all history from the earliest times, and we have had ample warning that the same causes which have in other countries led to an uprising of the debtor against the capitalist were at work among our ryots, and would lead to the same results. Beside the distinct warning of Sir George Wingate in 1852 and Mr. Inverarity in 1858, the police returns speak with

no uncertain sound of the operation of these causes; and it is, I think, hardly unseasonable to suppose that had matters taken their ordinary course, without the disturbing effect of the American war, the uprising would have taken place sooner or later, on the first continuous and severe fall in prices.

Mr. Carpenter asks, "Why did the riots occur in Poona and Ahmednagar, and not elsewhere?"

I would first observe that it seems to me to be an extraordinary stretching of a theory to meet facts to associate the rising in Ahmednagar with the prospect of a revision of assessment seven years afterwards. Mr. Lyon, and to some degree Mr. Carpenter also, seems to hold that the prospect of revision has operated in Ahmednagar to reduce the security of land, and urge the creditor to measures unpalatable to the ryot.

On this point I would observe, *Ist*, the pressure of the creditor in Ahmednagar began in 1868, and reached its highest, as in Poona, in 1872, not six but eleven years before the revision of the disturbed district becomes due. But the theory is directly contradicted by the facts clearly established that the sowkar class in Ahmednagar are, and have for some time past been, anxious to get land into their possession, and that a large amount of new business has been commenced in Ahmednagar within the last few years.

The reason why the debtor class first rose against the capitalist in Poona and Ahmednagar, and not in other districts where they are believed to be equally in debt, cannot perhaps fully be known; one or two facts bearing on the question may be noticed.

The disturbed region is exceptionally poor, and has an exceptionally precarious climate. The connexion between these natural causes of

embarrassment and the disturbances is strongly suggested by a glance at the geographical area of the latter.

It is very probably the case that law abiding as the Kunbi of these districts generally is, he has somewhat more of independence and self-assertion than his countrymen in the more distant districts; this is likely to be the result of his constant journeys to the large markets of labour, and his proximity to Poona, where influences calculated to weaken his respect for authority are rife. Mr. Carpenter attaches much weight to the fact that "the riots broke out in Poona, where enhancements had taken place, and that the *disturbed tract of Ahmednagar was nearest to that of Poona.*"

This fact seems to me to indicate, as suggested above, that the characteristic of poor soil and precarious climate common to both districts had to do with the condition of the ryots rather than the enhancement of revenue, which was not common to both.

I will now briefly notice the evidence of the facts directly bearing on the question of the connexion of the riots with the enhanced revenue demand.

There can, I think, be no question that the outbreak was only the natural development of the hostile attitude first assumed by the Kunbis in Kardeh, as shown in the opening of the report. Kardeh is a village of the old Sirur Taluka, where no revision has taken place, and the example of Kardeh in socially outlawing the Marwaris was followed throughout the Ahmednagar as well as the Poona villages; of the communities north even of Parner, some time before the riots, put the Marwaris under the ban.

The riots did not begin in the largely enhanced districts, nor in that which had been for the longest time under the revised rates, for there was no disturbance in Sholapur, and only a threatened outbreak in Indápur. The villages of the revised districts in which the riots occurred were not by any means those in which the enhancement had been highest; on the contrary, of the Supé group of disturbed villages, Morgaum is an alienated village not assessed by the Survey, and Karhatee has had its assessment reduced, while in the others the increase is but small.

I inquired particularly into the state of matters in the alienated villages within the disturbed area at Poona, and found that the mischief was present in them equally with the Government villages, as will be seen from the notes on the two Ooroolees.

The cause of the riots commencing at Supé is suggested in the report. There was nothing exceptional in the revision of Supé that I can discover; the enhancement was a little under 50 per cent., which is far below that of many villages of Bhimathari in which there was no riot.

To say that the Ahmednagar villages only *followed the example* of those of Poona is, I think, hardly correct. The facts seem to show that all were equally ready.

Lastly, we have the single instance of the riot in Sattara showing that without even the proximity of a revised district there existed motive adequate to raise the debtor class against the money-lender.

As I hold that the revised assessment had no immediate, and comparatively but little remote, connexion with the riots, I have not followed Messrs. Carpenter and Lyon in their criticism of the revision.

The Appendix contains matter which has been recently dealt with by Government, but will be useful as putting in a compendious form the arguments of those who have attacked the Survey revision.

**MINUTE ON THE CONNEXION OF THE RECENT  
ENHANCEMENT OF LAND REVENUE WITH THE  
RIOTS -By MR. CARPENTER.**

THE effect which an enhancement of assessment has upon the ryot, in binding him as a debtor and contracting his credit as a borrower, is unavoidable, however moderate in amount and equally distributed the enhancement may be. The effect is augmented if the enhancement, though not larger than the land can easily bear, is still larger than could be foreseen and prepared for. It is still further augmented if the enhancement is excessive, that is, larger than the land can easily bear. Finally, if the enhancement is unequally distributed, the injurious effect on individuals is intensified, and these individuals suffer the additional hardship of seeing others more fortunate than themselves.

What are the facts as to the enhancement of assessment in Poona and Sholapur? The enhancements as a whole were large, and ranging from 51 to 77 per cent. per Taluka. In individual cases (and it must be remembered that it is through individual cases that the effect with which we are now concerned is produced) they were very large, ranging frequently over 100 per cent., and impossible to foresee. These enhancements also were imposed at one blow, with no progressive demand to soften the shock. Further, the enhancements were larger than the land could easily bear. It was found necessary to reduce them in 1874-75, and I have endeavoured to show, in a separate note, that even as reduced they are still generally higher than can be safely imposed. Lastly, the enhancements were unevenly distributed. This is admitted in the modification

recently directed; and in the note above referred to I have stated grounds for believing that the inequality is even greater than has been supposed.

Thus all the elements which tend to augment the naturally injurious effect of an enhancement upon the agricultural debtor were present in the enhancements in Poona and Sholapur. To the theory that the riots were directly connected with these enhancements it may be objected that in Sholapur, where there had been enhancement, there was no riot; and that in Ahmednagar, where there were riots, there had been no revision except in some distant villages. But due weight must be given to the facts that the riots first broke out in Poona, where enhancements had taken place; that in Sholapur precautions were taken against rioting; and that in Ahmednagar the disturbed tracts were those nearest to the disturbed tracts in Poona. The objection, therefore, does not seem to me to have much force. The riots must be considered as a whole, and with reference to general causes. It is not asserted that the enhancement was the sole, or even the main, cause of the embarrassment of the Kunbi, or of his hostility to the Marwari which culminated in the riots. The main causes of this embarrassment and hostility were of another kind. They were of old standing, and were wide-spread over the country. The question appears to me to be whether the enhancement was a cause which brought the embarrassment and the hostility to a climax. Why did the riots occur in Poona and Ahmednagar, and not elsewhere? Why did they occur in 1875, and not earlier or later? There must surely have been some special local cause at work. The only special cause apparent, as far as Poona is concerned, was the enhancement. The Kunbi is by all accounts a law-abiding creature; what could lead him to take the law into his own hands? It must have been the conviction that help was not to be got elsewhere. What led him to this conviction? The Marwari had not got new powers over him. The Couit pest was what it always was.

Seasons had not been worse than usual. The only new fact was that the Government assessment had been raised largely although prices were falling, that it was raised unevenly, and that it was demanded (though not recovered) rigidly. It is not surprising if it seemed to the Kunbi that the Government had set its face against him on one side, as the Marwari already had on the other. Finding himself between the devil and the deep sea, he had no resource but to help himself. That the enhancement should act upon the Kunbi in this way is at least probable. That it was directly connected with the outbreak in Poona there is a considerable amount of evidence. The outbreak having begun in Poona, there is nothing astonishing in its spreading into the adjoining parts of Ahmednagar, where the general causes of hostility were active, and where, moreover, a revision of assessment was due in six years.

There is no need, however, to speculate further on the exact extent to which the enhancement was connected with the riots. Admitting that the enhancement has had an unduly oppressive effect upon the people, the important question is whether anything should now be done, beyond what has already been done by the Government, to mitigate that effect. In the note above referred to, I have pointed out that the principles by which an enhancement due to a general rise in prices should be governed have nowhere been laid down, and I have stated what I conceive those principles to be. If my view is correct, then the enhancements already introduced should be revised with reference to those principles, and the further reduction necessary should be given. In the same note I have suggested what I conceive to be the remedy for the present inequality of the enhancement on individuals. If my view is correct, the reduction given should be distributed so as to relieve those who have been unduly pressed, not those who have nothing to complain of.

**NOTE ON THE REVISION OF ASSESSMENT. -  
BY MR. LYON.**

THE first question which should be considered is, it seems to me, whether there could possibly be any connexion between any revision and an attack by debtors on creditors. This question I think must be answered, in the affirmative. If the assessment was put on without any regard to any principle, if it was put on haphazard and to such an enormous amount as to destroy in most cases all private rights in the land revised, there can be no doubt, I think, that this would tend to produce hostility between debtor and creditor. The land is almost the only property which the agricultural debtor has to offer as security for or in payment of his debt.

To suddenly and unexpectedly destroy this property, or even to diminish it to an unexpected extent, would compel the creditor not only to be hard on his debtor by refusing to lend him a farthing more, but also to use much harsher measures to recover the amount already owed. To take an instance. A ryot, suppose, has land whose gross value is Rs. 100 per annum. The old assessment was, say, Rs. 50. The expected enhancement was, say, 40 per cent. The net total value of the estate five years before the Survey would be 50 Rs. for five years, and 30 Rs. for the next 30, plus some allowance for probable increase of value during the term - say, on the average, Rs. 5. The estate then would fetch in the market as its present value the following amount:-

	Rs.
1. The present value of 50 Rs. for five years	say 200
2. The present value of 35 Rs. a year for 30 years	say 400
3. The present value of the next 30 years at, say, Rs. 40 per annum, and so on in perpetuity	say 50
	<hr/> Say, 700

Suppose the ryot in question owes Rs. 300 at 15 per cent. at the time mentioned, namely, five years before the revision, it is evident that he is perfectly solvent, and that money-lenders would

be eager to lend him more, and would be probably offering even easier terms to induce him to come to them.

If he pays interest only for the five years the position of the parties would immediately before the revision be something like this:-

Liabilities. Rs.		Assets. Rs.
300	1. Present value of Rs. 35 for 30 years (Assessment 50 + 20 expected enhancement, leaving 30, to which 5 is added as probable increase.)	600
	2. Present value of Rs. 40 for 30 years, and so on <i>ad infinitum</i>	75
		<hr/> 675

He would thus immediately before the revision also be perfectly solvent. But suppose, contrary to all reasonable expectation, the enhancement instead of 40 per cent. is 100 per cent., it is evident that the whole amount of his assets is destroyed, and he is insolvent and liable to all the penalties and hardships which insolvency has been shown elsewhere to involve by the law of India. He himself will be imprisoned or made to work as a slave by the creditor, who will of course stop all loans, even those for paying assessment, and the ancestral land itself will be lost, land that has been in the family for centuries it may be. I have said that loans necessary for payment of assessment even will be stopped, and that will no doubt be the case when the property in the land itself has been destroyed, as it will then no longer be the interest of the Marwari that the land should be retained either by himself or by the ryot nominally, but really on behalf of his creditor. Suppose the revision, instead of taking the whole assets by putting on 100 per cent., takes only four-fifths of them, by taking 80 per cent., the ryot will be nearly as badly off as ever, except that the loans for assessment will be forthcoming, as if that is not paid the creditor would lose Rs. 135 if the land is sold for arrears.

The same reasoning applies to any other figures so long as they reduce the assets below the liabilities. If the assessment merely reduces the assets but not below the liabilities, the creditors would no doubt be more strict in their dealings with the debtors, but not to the same extent.

The foregoing shows what in my view would be the effect of a radically bad system of revision when actually made as in Bhimthari.

Where, as in Ahmadnagar, the revision is not due for six years the effect would be nearly as bad. The only difference would be that of the assets the first item of Rs. 200 would still exist; the value of the other items would be *nil* if there was no certainty as to whether the enhancement would amount to the full rent or not. In the case supposed the mere fact that in the revised districts of Poona there had been a few cases where 100 per cent. had been put on, and a few where land had been assessed at a full rack-rent would make the ryot insolvent immediately, although the revision in Ahmadnagar was not due for six years.

The next question is whether the revision is properly made or not. It seems to me that it may be shown not to be so.

In the first place it is to be remarked that the discussions in the Survey Reports regard only the average enhancement in the Taluka under revision. The whole discussion seems to limit itself to the question whether 50, 60, or 70 per cent., enhancement on the Taluka as a whole is correct. In the Taluka of Bhimthari, where the first actual riot took place, the Survey Department enhanced the assessment by 63 per cent. It is quite possible that this enhancement may have been correct, looked at as the average enhancement on the Taluka, and yet the revision so far as regards its accuracy might be erroneous all through. If, for example, 100 fields each paying say 40 per cent. of its rent or annual value are not enhanced all at the rate of 63 per cent., but some at 120 per cent.,

some at 100, and some reduced even to 50 or 60 per cent., it is obvious that such a revision would be utterly faulty, and would lead to results nearly as deplorable as if the whole Taluka had been enhanced 120 per cent.

I will first consider the question as to the accuracy of the average enhancement of the 63 per cent., and then I will go into the second and only really important question, namely, whether in individual cases the enhancements are right.

The Survey Department, as I understand, has held that the rents vary directly as prices, and on this principle have raised the assessments to the same percentage that prices have risen during the 30 years of settlement. There is in treating of this question a difficulty in knowing what prices to select. It is, obvious that the actual prices of the first year of the survey compared with the actual prices of the 30th year would not show what the rise in prices had been. The first year might be a dear year, and the 30th year a cheap year, or vice versa. The true method of comparison would seem to be to compare the price which was expected to prevail in the first year with the price expected to prevail in the 30th. The expected price would of course be founded on the previous course of prices (or the average prices) in both cases for as long periods as possible, and such other facts, historical and physical, as appear likely to affect the question of price.

I will assume in the meantime that the Survey Department have ascertained correctly the rise in prices during the 30 years, and will consider whether that is a correct test of the rise in the value of land.

In the first place it seems to be considered by political economists that rents rise not in an equivalent proportion to the rise in prices, but even in greater proportion. Thus, John Stuart Mill

says, "Rent rises even in a greater ratio than the rise of price," page 493, and again, at page 431, he says:-

"Any land can afford to pay, and under free competition will pay, a rent equal to the excess of its produce above the return to an equal capital on the worst land, or under the least favourable conditions. Whenever, therefore, agriculture is driven to descend to worse land or more onerous processes, rent rises. Its rise will be twofold; for, in the first place, rent in kind, or corn-rent, will rise; and in the second, since the value of agricultural produce has also risen, rent estimated in manufactured or foreign commodities (which is represented, *cæteris paribus*, by money rent) will rise still more.

"The steps of the process (if, after what has been formerly said, it is necessary to retrace them) are as follows:- Corn rises in price, to repay with the ordinary profit the capital required for producing additional corn on worse land or by more costly processes. So far as regards this additional corn, the increased price is but an equivalent for the additional expense; but the rise, extending to all corn, affords on all except the last produced an extra profit. If the farmer was accustomed to produce 100 quarters of wheat at 40s., and 120 quarters are now required, of which the last 20 cannot be produced under 45s., he obtains the extra five shillings on the entire 120 quarters, and not on the last 20 alone. He has thus an extra 25*l* beyond the ordinary profits; and this in a state of free competition he will not be able to retain. He cannot, however, be compelled to give it up to the consumer, since a less price than 45s would be inconsistent with the production of the last 20 quarters. The price, then, will remain at 45s., and the 25*l* will be transferred by competition not to the consumer but to the landlord. A rise of rent is therefore inevitably consequent on an increased demand for agricultural produce, when unaccompanied by increased facilities for its production."

In the second place the ratio would appear to differ for different classes of land. To take an example of two fields, one (A.) yielding Rs. 20 rent, and the other (B.) paying no rent, but only the cost of cultivation. A rise of 10 per cent. in prices will enable A. to pay probably Rs. 22-8-0, or  $12\frac{1}{2}$  per cent. increase of rent, and B. will begin to pay a small rent, say of Rs. 2. In this case it is obvious that there is no comparison between the ratio of increase. In the one case it is from nothing to 2, or an infinite rise. In the other case it is only  $12\frac{1}{2}$  per cent. Now suppose a further enhancement of 10 per cent. in price. In that case the Rs. 22-8-0 field will probably pay Rs. 25, or 11 per cent. more, while the 2 Rs. field may pay as much as 4 Rs., or 100 per cent. more.

The ratio of rise of rent to that of prices would therefore seem to be greater on the poor lands, and less on the rich lands.

The third point, which is worthy of consideration under this head, seems to me to be this, that the ratio of increase of price since the first survey in 1840 till 1870, although it may possibly be a rough criterion for ascertaining the increase of rent or value of land occupied in 1840 and retained ever since, is no criterion whatever in the case of land taken up during the survey; and this latter description of land forms; I believe, nearly half of that now occupied and on which the 63 per cent. enhancement has been laid. For example, of two fields assessed at Rs. 10 in 1840, one (A.) is taken up in 1840 and held ever since through the worst years, the other (B.) has never been taken up till 1862; it is evident that the rent of A. even in the worst years must have been at least Rs. 10, while the rent of B. did not reach Rs. 10 until the year 1862. If rents rose between 1840 and 1862 50 per cent., then in 1840 the rent of B. was only Rs. 5, and the assessment then must have been double the rack-rent. Now suppose that from 1862 to 1870 rents rose 10 per cent., the rent of A. in that year will be at least Rs. 16, while the rent of B.



will not be more than Rs. 11. On the principle of the survey, however, both will be assessed at Rs. 16. In other words, A. will be assessed at or below the actual rent, while B. will be assessed at 3 Rs. or 27 per cent. above the rackrent, and will have to be abandoned. A principle leading to such an absurd conclusion is evidently erroneous. The mistake is, simply this, that the ratio of a 30 years' rise in price is applied where it is not applicable, namely, to land held only for a few years, instead of only to land which was held, *i.e.*, paid rent, all through the 30 years. In the case of land taken up for the first time the year before the revision, the ratio of prices to apply is that between 1870 and 1871, and not that between 1840 and 1871. Similarly in the case of a field taken up in 1860 the ratio is that between 1860 and 1871.

I have obtained a return for the village of Kheirgaon (Appendix D., page 139), which shows that out of 250 fields of which the village consists only 150 have been held since the first survey continuously. The remaining 100 have been all given up from time to time, several having lain waste up till the year 1855. Now, even if the survey theory of prices is correct, and rents have risen since 1840 63 per cent., this 63 per cent. could only apply to the 150 fields then rented; it could not apply to the 100 fields since taken up. The rise of rents in these fields is probably only 30 per cent., and this would reduce the total average enhancement, which even according to the survey theory should have been put on to 53 per cent. instead of 63 per cent. The village of Kheirgaon has been selected entirely at random, and as it is a railway station it is probably rather a favourable case than otherwise from the survey point of review.

I now come to the question of the correctness of the assessment in individual cases. In assessing the individual holding, the only evidence gone upon is the *relative* classification of fields made according to the system described at pages 105-6 of the Appendix.

The classing officer ascertains, 1st, the depth and kind of soil; 2ndly, he ascertains whether it has any of the following faults:- (a) stoniness, (b) sandiness, (c) slopiness. (d) friability, (e) imperviousness to water, (f) liability to flooding, and (g) swampiness. The classer divides each field into a number of parts, and makes a report as to each of these points. Thus, in the specimen field given in the joint report, the classer's evidence is as follows:-

Part 1 is grey soil,  $\frac{3}{4}$  of a cubit deep, with no faults.

Part 2 is black soil,  $1\frac{3}{4}$  cubits deep, *doubly* impervious to water, and liable to flooding.

Part 3 is black soil,  $1\frac{3}{4}$  cubits deep, and doubly liable to flooding.

Part 4 is black soil,  $1\frac{3}{4}$  cubits deep, with no faults.

Part 5 is black soil,  $1\frac{3}{4}$  cubits deep, and stony.

Part 6 is grey soil, 1 cubit deep, with no faults.

Part 7 is red soil, 1 cubit deep, with no faults.

It seems to me that the principle on which this kind of report is based is sound. That principle appears to be that the classer shall not merely state generally his estimate of the relative value of the field, but he shall state the evidence on which that estimate is founded. This is absolutely necessary where either the accuracy or the integrity of the classer's work has to be tested. Unless there was some such system, it would be impossible to bring deliberate fraud or deliberate carelessness home to the classer.

If the system was so arranged that the classer should be able to state his opinion as to the value of the land, and his reasons for that opinion, there could be no objection to this method of classification, so far as it went. If the classer could say, This particular field is fourth class or 8 anna soil, it being black soil and 1 foot deep, but in my opinion a slight slope in part of it reduces its value

$12\frac{1}{2}$  per cent., and a large admixture of sand diminishes its value  $12\frac{1}{2}$  per cent., more: I therefore value this portion of the field at 6 annas,- it seems to me that this would be reasonable enough. Instead of being allowed to do this, however, the classer is bound to report either a slope or no slope. In the case supposed, if he reports that there is a slope, he is bound by the system to take off 2 annas, or 25 per cent. from the valuation; if he reports no slope, then nothing would be taken off. It is obvious, therefore, that whether he reports that there is a slope, or reports that there is none, he *must* be  $12\frac{1}{2}$  per cent. wrong. Similarly, with regard to the fault of sandiness, he must either put it down as a fault, and thus understate the value by  $12\frac{1}{2}$  per cent., or not treat it as sufficient to be entered, and thus overstate the value by  $12\frac{1}{2}$  per cent. Whatever the classer does under the system as it now stands, he *must* be at least 25 per cent. in error in the case supposed.

Again, the system seems to be erroneous in this, that the same fault has different values attributed to it. Thus, a fault in a 16 anna field takes off  $12\frac{1}{2}$  per cent. only from its value, while the same fault in an 8 anna field takes of 25 per cent., and in a 3 anna field  $33\frac{1}{3}$  per cent.

It seems to me perfectly obvious that such a system cannot possibly result in an accurate valuation of the land. The Kheirgaum return printed at page 129 shows the actual result of the system, just what is to be expected from a consideration of the plan on which it is based, on which some fields are valued much too low and others much too high. It is difficult to compare many of the fields with the old numbers, as they have been altered very considerably in many cases. An old number sometimes includes two

new ones, and sometimes is subdivided into several numbers. Taking, however, only those cases where the area is the same, or nearly the same, a very large number of instances of incorrect valuation will be apparent. Thus the following fields appear to be enormously under-assessed:-

No. 23, reduced 68 per cent. from old assessment.  
 No. 61, reduced 16 per cent. from old assessment.  
 No. 63, reduced 50 per cent. from old assessment.  
 No. 66, reduced 42 per cent. from old assessment.  
 No. 83, reduced 25 per cent. from old assessment.  
 No. 84, reduced 20 per cent. from old assessment.  
 No. 90, reduced 42 per cent. from old assessment.  
 No. 185, reduced 43 per cent. from old assessment.

All these fields have been held at the old rates ever since the Survey, - without interruption, showing that the old assessment, even in the very worst years, never came up to the rent. The absurdity of such reductions will be apparent on glancing at the amount of enhancement that has been put on the following fields, all of which had to be abandoned as unprofitable at some time or other in the course of the 30 years:-

No 6 enhanced 183 per cent., although at the old rate it was out of cultivation for 3 years.  
 No. 39 enhanced 78 per cent., although uncultivated for 14 years.

No. 52 enhanced 220 per cent., although uncultivated for 2 years.  
 No. 53 enhanced 73 per cent., although uncultivated for 10 years.  
 No. 54 enhanced 115 per cent., although uncultivated for 5 years.  
 No. 71 enhanced 225 per cent., although uncultivated for 1 year.  
 No. 100 enhanced 84 per cent., although uncultivated for 12 years.  
 No. 103 enhanced 107 per cent., although uncultivated for 6 years.  
 No. 105 enhanced 80 per cent., although uncultivated for 10 years.  
 No. 119 enhanced 150 per cent., although uncultivated for 4 years.  
 No. 123 enhanced 161 per cent., although uncultivated for 3 years.  
 No. 124 enhanced 142 per cent., although uncultivated for 3 years.  
 No. 127 enhanced 107 per cent., although uncultivated for 16 years.  
 No. 130 enhanced 88 per cent., although uncultivated for 11 years.  
 No. 133 enhanced 115 per cent., although uncultivated for 3 years.  
 No. 148 enhanced 166 per cent., although uncultivated for 11 years.  
 No. 150 enhanced 97 per cent., although uncultivated for 12 years.  
 No. 152 enhanced 94 per cent., although uncultivated for 7 years.  
 No. 154 enhanced 102 per cent., although uncultivated for 2 years.  
 No. 159 enhanced 118 per cent., although uncultivated for 11 years.  
 No. 160 enhanced 105 per cent., although uncultivated for 9 years.  
 No. 177 enhanced 130 per cent., although uncultivated for 3 years.

No. 203 enhanced 128 per cent., although uncultivated for 6 years.  
 No. 207 enhanced 154 per cent., although uncultivated for 2 years.  
 No. 215 enhanced 130 per cent., although uncultivated for 1 year.  
 No. 218 enhanced 102 per cent., although uncultivated for 13 years.  
 No. 220 enhanced 123 per cent., although uncultivated for 3 years.  
 No. 223 enhanced 144 per cent., although uncultivated for 2 years.

The Survey system can at the best only afford a very rough method of obtaining an approximate valuation, and Major Wingate was quite aware of the fact, for he consulted the people themselves in addition to getting the not very reliable information which the classification system affords. The mistake which, in my view, the Survey have made was to conclude that the system of valuation adopted by them was such as to show results perfectly accurate, or at least not more than 10 per cent. wrong, whereas an examination of the system shows clearly that it would be nothing less than miraculous if anything like the true value was ascertained from such evidence.

As a remedy for the evils I have pointed out, I would suggest the following alteration in the system. The land assessment is merely an income tax. It is a tax on the income from land. The imperial land revenue has been held by the Government of India to be the share of the income which belongs to Government, and perhaps the latter would therefore be the more appropriate term to use. But whether the land revenue be called a share of the income, or a tax on the income from land, in settling the question of the amount of revenue to be paid by a ryot two distinct issues arise, which depend for their solution on distinct considerations. At present it seems to me that these two questions are muddled up together, and neither is decided, but the revenue is settled on a confined and imperfect notion of both. The two questions to which I refer are of course these:-1st. What is the amount of the ryot's income from his land, or, in other words, what is the rent or net annual value of the land in his possession? 2ndly. What share of this rent should be taken by

Government? The first issue is a question of fact, and should be determined as accurately, as possible by all the evidence available. The second question is a question of policy, which the Government of India alone are qualified, in my view, to decide. The revenue is Imperial revenue, and it is only the Imperial Government that can be aware of the extent of its own requirements. Further, it is only the Imperial government that can decide the proportion which each province should subscribe for the Imperial purposes. Thus the N.W. provinces appear to pay in as Imperial Land Revenue about 30 or 40\* per cent. of the value of the land, and the question of the proper Bombay percentage, it seems to me, ought to be affected very considerably by this fact. It may be that even if the N.W. provinces pay only 30 per cent., yet Bombay should pay 80 per cent.; but, if so, the reason should be stated. It is obvious that questions like these are questions with which no mere department should have anything to do. I would confine the work of the Survey Department to the first issue. I would call upon them merely to return a rent-roll of the land. If they returned a roll of the actual instead of relative values, the most ignorant ryot could point out their mistakes, and, what is more, frequently prove them to be mistakes by incontrovertible evidence. A further benefit would be that there would be no possibility of a suspicion that assessments were made high in order to show that the department was a financial success.

**NOTE ON THE REVISION OF ASSESSMENT. - BY  
 MR. SHAMBHUPRASAD LAKSHMILAL.**

THE revision of assessment is not, in my humble opinion, the cause of the riots (vide answers to questions 1 to 4, Part I. of my memorandum).\*

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\* The payment is 60 per cent. of the zemindar's rent, but the zemindar's rent is in many cases much under a market rent, as he is only entitled to a fixed rentcharge from occupancy ryots.

\*The memorandum alluded to is not given, the substance of it being to some extent embodied in the " Note."

2. It is the accumulation of debts which has brought about the riots (vide answer to question 6 of the same memorandum). The chief cause of accumulation of debts is the change in the Law of Limitation from 12 to 3 years (vide answers to questions 8 to 17 of the memorandum).

3. But the question is, how the three years' limitation is the cause of the riots taking place in these two districts only, when it is in force all over the country. The answer is that in those districts the debts have now reached their utmost limits, because even the interest of the amount of successive bonds cannot be recovered from the net produce of the land, while in other districts things have not yet gone to that extent, as the condition of the ryots depends on the fertility of the soil of the district.

4. The fertility of the soil in the different districts is in the following order:-

1. Guzerat; 2. Southern Mahratta Country;
3. Khandesh; 4. Konkan; and 5. Deccan.

5. In the Broach Collectorate, say, a ryot possessing 10 acres of land has a net income of Rs. 200, after paying the Government assessment, say, Rs. 40; while in the Poona and Nagar Collectorates a cultivator, having the same extent of land, would only save Rs. 25, after payment of assessment, say, Rs. 5. Suppose, then, the debt of both the ryots commences to increase, on the amount of bonds of equal principal, since the new limitation came in force. The ryot who saves yearly Rs. 25 will not lose credit till the principal amounts to a sum the annual interest on which will be Rs. 25, while the other to a sum the interest of which will be Rs. 200. Thus in the second case the time for losing credit will be eight times the time of the first case, though the principal at the commencement in both was equal.

6. Even the original assessment will, no doubt, be a burden to a ryot in the Poona and Nagar Collectorates reduced to this condition; how much more would an enhanced rate be?

7. The burden of debt has so much increased that even those who do not pay any assessment are in an equally ruined condition.

*\*Answer to question 9 of Part 4 of my memo.*

8. It is not meant by this that all the ryots are in such a ruined condition in the two districts. I mean especially those that have small\* holdings. Cultivators of large holdings are not yet so much immersed in debt. And it is from this I say that when the debt of a cultivator reaches its utmost limit, as shown above, he becomes desperate.

9. It is natural that to a stranger first looking into the system of assessment new thoughts might strike.

10. In the North-western Provinces the rent which the ryots pay to the landlord forms the basis in regulating the rates of assessment; and Mr. Carpenter says that there being no such rent here, there is no basis for fixing the assessment. But when we look deeper we perceive that the increase or decrease in rent paid by the tenants to the landlords must depend, of course, on the prevailing prices; so the fixing of assessment there is based on prices. Here we follow the same principle. So the system is one and the same in both places, with this difference only, that in the one the settlement is made with the Malgoojars, while in the other with the occupants.

11. Mr. Lyon is of opinion that the assessment should be fixed after ascertaining the market value of each field. This might have been possible had the owners of holdings here been great landlords, as in England, and had the occupants been holders of extensive tracts of kind instead of one single field.

12. The system both of the North-western Provinces and Bombay and other places had been well considered by the members of the joint, report, and after a mature consideration the

system now in force was adopted as best suited to the country I beg to quote the paragraphs from the Report,\* for reference, if necessary.

13. The assessment in the Poona Collectorate before the revision was always recovered without any trouble, and whatever it was, it should be understood that it was a fair one.

*\* Published in 1850, Appendix No. 1*

Paras. 16 and 17, page 4.	Paras. 21 to 23, page 15.
Para. 44, page 8.	Para. 13, page 18
Para. 54, page 10.	Para. 31, page 21.
Para. 4, page 12.	Para. 33, page 22.
Para. 11, page 13	

14. In such a district, where the land is poor, and so the rates of assessment, it is not advisable to disturb the scale of classification at the time of revision, as it results in the inequality of the revised rates, and consequently disturbs the settled minds of the ryots about the assessment.

15. It is the opinion of Mr. Carpenter and other members that where the assessment is to be enhanced, the enhancement is not to be imposed all at once, but by degrees. I think such a plan would work well where there may be large estates, the owners of which are rich, and might have or could make much profit by investing a large capital. But in a ryotwari system, especially in poor districts, where a cultivator hardly manages for his ordinary expenses, the gradual increase would not answer. And for such places, therefore, my proposal is, that on the revision of assessment,

where the Government demand is enhanced more than 25 per cent., it is to be considered whether a 30 years' term is not too long, and a shorter period is therefore desirable to ascertain the suitability of the new rates, which experiment had better be tried for a small number of years, and then, according to the result, decide it one way or the other.

16. In conclusion, my opinion is that the origin of the riots is the accumulation of debts under the New Limitation Act, and which have been furthered by the inequality in the rates of assessment; the period of limitation, therefore, should by all means be extended to 12 years.

SHAMBHUPRASAD LAKSHMILAL.

**NOTE BY MR. CARPENTER ON THE  
ENHANCEMENT OF, ASSESSMENT IN  
POONA AND SHOLAPUR.**

In this note I propose to examine the recent enhancements of assessments of Land Revenue in Poona and Sholapur with reference to the grounds for enhancement stated by the Survey Department; not to enter upon any general criticism of the Survey System.

The following table shows the percentage of enhancement of assessment (1) as proposed by the Survey Department, and (2) as ultimately reduced by the Government, in the Talukas of Poona and Sholapur in which final orders have issued with reference to Resolution No. 5,739 dated 29th October 1874:-

Collectorate	Taluka	Year of Revision	Enhancement as proposed	Enhancement as reduced
(1)	(2)	(3)	(4)	(5)
Poona	Indapur	1867	55 per cent.	39 per cent.
	Bhimthari	1871	63 per cent.	37 per cent.
	Haveli	1872	65 per cent.	41 per cent.
	Pabal	-	51 per cent.	38 per cent.
Sholapur	Madha	1871	74 per cent.	41 per cent.
	Sholapur	-	77 per cent.	41 per cent.
	Pandharpur	1872	76 per cent.	48 per cent.
	Barsi	-	62 per cent.	42 per cent.

This enhancement is the enhancement over the assessment of the last year of the expired settlement. As proposed by the Survey Department it ranged from 51 to 77 per cent.; as ultimately reduced it ranges from 37 to 48 per cent.\* The main ground of this enhancement is the rise in the price of grain which has taken place since the settlement was made. In the Report on Taluka Indapur, the first of the Revision Reports, Colonel Francis (para. 141 *et seq.*) assigns this ground clearly. He refers also to the improvement of communications, but he remarks (para. 150):- "It is difficult to put a special value upon the increased facilities of transport resulting from the *ad interim* improvements. There is no doubt they have aided materially in bringing about the rise in the price of grain, and may therefore be included generally under" the advantages which are ascribable to that measure". Sir George Wingate, in para. 10 of his Note upon the Indapur report, says :- "Colonel Francis chiefly, and very properly in my opinion, bases (his recommendations) upon the alterations that have taken place in the prices of agricultural produce in the last 30 years. In the Resolutions of Government the same ground is accepted. With regard to some Talukas, the increase in population, material wealth, and the value of land, as well as the, improvement of communications, are also mentioned as justifying an increase of assessment. But increase of population could have led directly to increase of assessment only by extending or by improving cultivation. The extension of cultivation has already taken place to its full limit, and has been accounted for, substantially, in the assessment under the expired settlement. Of any general improvement in cultivation there is little trace. Indirectly, of course, increase of population might lead to increase of assessment by producing a rise in prices. Increase in the material wealth of

the people, and in the value of land (value meaning here the price people are ready to pay for land), would not justify an increase of assessment independently of prices, unless it can be shown that it was itself due to some other cause than the rise in prices. The improvement of communications has no doubt been, as Colonel Francis remarks, a material element in the rise in prices. Thus the grounds assigned for an enhancement resolve themselves for the most part into one main ground.

Now the Survey Officers detail in their Reports their reasons for believing their proposed enhancements to be warranted by the rise which had taken place in the price of grain up to the time at which they wrote. These enhancements have now been reduced by the Government, on the ground that a fall in price has since taken place, and that at the lower rates prevailing in the last two years the demand is excessive. But the Government Resolutions do not contain any statement of a principle by which the rise in prices ought to be gauged, or by which the enhancement of assessment proper to a given rise in prices ought to be determined. Clearly, when the Survey Officers, on the strength of a rise in prices, proposed enhancements which a fall in prices within four or five years has rendered impracticably high, there is reason to suspect that they must have fallen into some error of principle. An assessment intended to endure for 30 years ought to be based on data not capable of being so easily falsified. It seems desirable to inquire what, if any, was the error into which the Survey Department fell, and what are the general principles by which enhancements of assessment on the ground of a rise in prices should be governed.

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\*This enhancement includes the assessment now imposed on land not assessed at all at the -last settlement: and it may perhaps be objected that as this land was not taken into account then, it should not be taken into account in comparing the new settlement with the old. But as this land had all come under cultivation before the end of the expired settlement, these figures correctly represent the increase in demand which has been imposed upon the cultivators on account of the area actually in their cultivation at the time of the revision; *i.e.*, the increase in demand they have to pay out of the same assets.

Before going further, it must be observed that in settlements of lands held under the ryotwari system the assessment is much more directly dependent on this standard of prices than it is elsewhere. Properly speaking, the assessment - that is, the revenue demand - is a portion of the *rent*; but rent is here almost an unknown quantity. Rent is defined to be "the surplus produce after payment of the costs of cultivation and the profits of agricultural stock." Where a tenant holds from a landlord, the theory of political economists is that the landlord is enabled, by the competition of cultivators for land, to obtain from his tenant the whole of that surplus. In those parts of India where the State has conferred what are called proprietary rights on persons standing between itself and the actual cultivators, money rents are paid to those persons by the cultivators. In places where competition happens to be particularly active, or where the personal influence of the proprietor is particularly powerful, sums equivalent to the whole surplus produce are paid. More frequently custom, aided by the protective laws in force in those parts, restricts competition, and the rents paid fall short of being the whole surplus. In either case the true rent can be either ascertained or approximately estimated. Under the Ryotwari system the State is the landlord. The State fixes its demand upon the land by a rough adjustment to its supposed capacity, and competition does not come into play. If subletting for cash were frequent, the true rent of the various classes of land might be estimated from the amounts paid by the lessees. But leases for cash are, I understand, few. Statistics of sales of land are not numerous enough or trustworthy enough to give grounds for induction; and the difficulties in the way of estimating the outturn of crops and the cost of production for an average of years are known to be practically insurmountable. Thus the data for ascertaining the true rent of land do not, apparently, exist. This is admitted by the writers of the joint report. The assessments at the first survey were, as a consequence, virtually experimental. The records of demands and collections under

native Governments and under our own previous arrangements showed pretty clearly for each Taluka what the "breaking-down" point of demand was - the point, that is to say, beyond which collection could not go, and at which collection produced wide spread misery. The assessment under the survey was placed judiciously short of this point, and was equably distributed. The experiment was from the outset so far successful as to show that the assessment, generally speaking, was not greater than the rent. Whether the assessment was less than the rent, and, if so, how much less, are more difficult questions.

In those parts of India where intermediate rights exist between the State and the cultivator, and where, consequently, rent is ascertainable, a revision of assessment is not directly concerned with a rise in prices. The assessment takes a share of the rent, and it is only concerned with a rise in prices so far as that rise has produced, or is producing, a rise in money rents. Given rising rents, the alteration in prices is kept in view as elucidating the extent and nature of that rise, but an enhancement of demand proceeds on the substantial basis of actual enhancement of rents, not on the possible results of the alteration in prices. Under a Ryotwari system the effect of a rise in prices during the term of a settlement cannot be so traced. There has been no competition among cultivators, or pressure by a landlord, at work to force up the rates of rent as the profits of cultivation became larger. The assessment paid by the cultivators, allowance being made for extended cultivation, is the same as they paid 30 years ago. The probable extent of the rise in rent can only be estimated from the rise in prices, with the aid of a few minor considerations. An enhancement of assessment has thus to proceed directly upon the rise in prices.

Now it is obvious that when an enhancement of assessment is proposed proportionate to a rise in the price of grain, the proposal rests on the

following assumptions:-

- (1.) At a given period the assessment bore a proper relation to rent.
- (2.) A rise in the price of grain has taken place since that period.
- (3.) A rise in the price of grain produces an equivalent rise in rent.

To justify any given enhancement it must be shown that these assumptions are correct, or at least beyond reasonable doubt. It is only necessary to add that the term "rise in price" means a permanent rise - that is, a rise due to permanent causes, and not to a temporary deficiency of produce. The prices of grain in any locality fluctuate year by year, under the influence of numerous and sometimes conflicting causes. A permanent rise, when it does occur, is not a clearly defined and tangible event taking place within a period of two or three years. It takes place through a series of fluctuations, the general level of the last fluctuations of the series being higher than that of the first. To ascertain what the "general level" at any time is, it is necessary to include a large number of fluctuations. Tooke, in his "History of Prices" (quoted by Mill), showed for European countries that even so long a period as half a century may include an undue proportion of abundant or deficient seasons. In India, more especially in the "drought stricken" Deccan, the variations of season must be at least as capricious. Short periods of less than 10 or 12 years are not to be trusted to give a true average of prices.

The proposed enhancements of the Survey Department may now be considered with reference to the above remarks. First as to *Indápur*.

Colonel Francis, writing in 1866, divided the term of the expired settlement into three decennial periods, and showed that the average price of jowari was 56 seers per rupee in the first period, 45 in the second and 26 in the third. In the last

period the four years, 1862-63 to 1865-66, were included, during which the price was at the abnormal rate of 16 seers. Colonel Francis considered that the average of the first decade could not be taken as a basis for comparison. He pointed out to how great an extent the uncertainty of rainfall and produce had "affected the condition of the people by operating against the benefits which would otherwise have accrued to them from the rise in prices." "The problem", he writes, "which we have to solve is this:- when, or at what period during the currency of the lease, had the cultivators acquired that amount of capital which is essentially necessary for the proper cultivation of the land, and their own well-being, and what was the price of grain at that time." He gives reasons for concluding that the assessment was not light when gauged by the prices of the first period; he then shows by reference to Mr. Green's Review that after 1852-53 an improvement in the condition of the people began to take place, and his conclusion is, as follows:-

"156. I think, therefore, we may fairly assume that towards the latter end of the second decennial period the cultivators had acquired *that amount of capital and that well-to-do-position* which we would assign to them as the measure of profit to be left after payment of the Government assessment. I am consequently of opinion that we may take the average price of grain during the latter half of the second decennial series as the index by which we may estimate from prices what our present assessment ought to be. In other words, the percentage increase which has taken place during the last 10 years will represent generally, the percentage addition to the present assessment which may now be made.

"157. Applying this rule to the case, I find the average price of grain for the two periods indicated stood as follows:-



Average for the last five years of the second decennial series, viz., from 1851-52 (dating from the period of Mr. Green's review) to 1855-56

42

Average for the ten years from 1855-56 to 1865-66

26

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 16

"We may assume approximately, therefore, that between 50 and 60 per cent is the addition (considered solely with reference to the price of grain) which may now be made to the present assessment."

Sir George Wingate reviewing Colonel Francis' proposals wrote as follows:-

"10 Colonel Francis explains, in the 141st and following paragraphs of his Report, his recommendations for the Revision of the Indápur rates of assessment, which he chiefly, and very properly in my opinion, bases upon alterations that have taken place in the prices of agricultural produce during the last 30 years. He gives a-table of these prices in the 146th paragraph of his Report, which he divides into three equal decennial periods, showing the average price of jowaree, the staple product of the district, to have been 56 1/2 seers per rupee for the first, 45 3/4 for the second, and 26 1/2 for the third; and he concludes that the assessment at the close of the first decennial period was not light when gauged by the prices of that period, and that the cultivators were not in a position to pay a higher assessment. He infers, therefore, that it was not till towards the end of the second decennial period the cultivators had acquired *that amount of capital and that well-to-do position* which we would assign to them as the increase of profit to be left after payment of the Government assessment'. And he concludes that this average of 42 seers per rupee should be taken as the index or starting point for estimating the increase which may be made to the

present assessment in consequence of the further rise of prices which took place in the last 10 years of the settlement, and which he shows in the 156th paragraph to have been between 50 and 60 per cent, for which he proposes to provide by fixing the future maximum rate at 1 rupee per acre, which will raise by 53 per cent the present assessment of the district. The increase here proposed seems to me to represent very accurately what is due to the altered circumstances of the district, without taking into account the extraordinary rise in prices during the last five years, due to the American war, and which Colonel Francis in the 149th paragraph himself considers to be exceptional. But, while agreeing in the accuracy of his general conclusion, I am unable to assent to the theoretical reasoning by which he supports it for this requires us to admit that the rates of assessment during the first period of 10 years were too high, which is contradicted by the marked extension of cultivation and amelioration in the condition of the cultivator which took place during that period. There can be no doubt whatever that during that period the district made considerable progress, but, as prices did not rise, there was nothing to call for an increase of assessment, though there was sufficient improvement in the condition of the district to show that the original survey assessment had not been pitched too high. During the latter half of the second decennial period and during the whole of the third the wealth of the cultivators increased, of course, more and more rapidly under the influence of the ever rising prices, and this affords valid reasons for increasing the rates of assessment. The true inference appears to be that the original rates were suitable, and we should regard the prices of the time when they were settled as the index or point of departure by which to regulate the increase to be now made instead of the latter years of the second period, as assumed in the argument of Colonel Francis. If the table of prices be attentively examined without reference

to equal decennial periods, it will be found capable of subdivision into three well-marked periods. The first is a period of low stationary prices without any more marked oscillations than may be fairly ascribable to seasons of comparative abundance or scarcity. This period embraces the 14 years from 1836-37 to 1849-50, when the average price of jowaree was 54 seers per rupee, or almost the same that was obtained at the introduction of settlement, the average price or the five years preceding that event having been 53 1/2 seers. The second period is of 11 years, from 1850-51 to 1860-61, and is one of advancing prices, due probably to the increasing wealth of India arising from the introduction of English capital for the construction of the railways and for suppression of the mutinies, as well as from improvements effected in the internal communications of the country. The average price of jowaree during the whole 11 years of this period was 39 seers, and for the last five years of it 35 seers per rupee. The third period extends over the last five years of Colonel Francis' table; from 1861-62 to 1865-66, during which prices received another extraordinary advance, due to the increased demand for cotton, arising out of the circumstances connected with the American war. The average price of jowaree for these five years was 18 seers per rupee.

"11. The last period is of so entirely exceptional a character, and the prices then obtaining are so clearly due to temporary causes, that it would be most unsafe to take them into account in the formation of a basis for a revision of the rates of assessment intended to last for another term of 30 years. The price of cotton, upon which the price of jowaree and other agricultural products in a great degree depend, has already fallen considerably since Colonel Francis' Report was written, and is likely to fall much further. This has

already affected the exchanges, and will materially diminish the amount of bullion to be received by India in the present year. This effect, it may be anticipated, will be experienced to a greater extent in future years until prices recover their normal condition, which it would not, I think, be safe to estimate at a higher figure than those obtained during the last five years of the second of the above periods, when jowaree was sold at 35 seers per rupee."

The above extracts show clearly the point on which Sir George Wingate and Colonel Francis, while agreeing as to the amount of enhancement to be imposed, were at issue. They differed as to the starting point of comparison—that is, as to the period at which the former assessment bore a proper relation to rent. Colonel Francis held that it was only after 1851 that a sufficient surplus of profit remained to the cultivator. Sir George Wingate held that a sufficient surplus was left from the commencement of the settlement. Their agreement as to the amount of enhancement was in fact only accidental. It is clearly important, with regard to future settlements, that it should be determined which view was correct on the point at issue. Apparently Sir George Wingate's view was accepted, for in subsequent reports the average price of the first 15 years of the term has been taken as the starting point. I venture, however, to think that Colonel Francis' view was correct, and not Sir George Wingate's.

The only method available for estimating the pressure of the assessment during the settlement is to study the fiscal history of settlement. The diagram at page 39 of the report\* tells almost all that it is necessary to know. First as to cultivation. The average area cultivated in the 10 years preceding Pringle's settlement was 177,000 acres.

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\*Papers relative to the revision of the assessment of the Indápur Taluka. (Selections from the Records of the Bombay Government, No. CVII).

This area sank during the seven years of Pringle's settlement to 133,000 acres. The introduction of the survey rates in 1837 brought up the area at once to 162,000 acres. In 1841 it rose above 220,000 acres. In 1843 it sank to 212,000 acres, rose again in 1847, sank again in 1849, and only in 1851 commenced its upward rise to the full limit of 238,000, from which it has not again receded.

Then as to the collection of the assessment. In the first 10 years there were remissions in every year but two, and the average annual remission was Rs. 12,223, out of an average demand of Rs. 77,443. In the next 10 years the remissions were less frequent, and averaged only Rs. 865. But it was only from 1854 that remissions ceased altogether. As to material wealth, the information collected by Colonel Francis makes it pretty clear that accumulation only commenced after the first decade was past.

Now if in connexion with the above facts are taken the circumstance that it was not till 1851 that the upward movement of prices began; only one conclusion seems fairly possible. The assessment was no doubt in many ways—in its equable distribution, in its moderation, in its fixity—far more favourable to the ryots than the previous unequal and uncertain demand had been, and it so led to an immediate extension of cultivation. But the extension of cultivation was not permanent, and the realization of the demand was not assured, so long as the low level of prices lasted. It was only after 1851 that the assessment began to work with perfect smoothness and success. It may of course be said, and with perfect truth, that at the time of the settlement the Taluka was in a condition of great depression, and that, however low the assessment might be fixed, some years must necessarily elapse before the people could attain what may be called a normal condition of prosperity. But the fact still remains that

the condition of prosperity was not attained for 15 years, and then only when prices rose. Colonel Francis appears then to have been right in saying that the first 15 years of the settlement did not afford a starting-point for comparison.

The case is still stronger in *Bhimthari*, the second Taluka revised, which in many respects resembles Indápur. The survey rates were introduced in this Taluka in 1840. The people are described as being previously in a miserable and poverty-stricken condition. The effect of the new rates in the first two years was to induce a large increase of cultivation. The diagram at p. 249 of the Revision Report shows that in 1842 the area under cultivation was 126,000 acres. In 1843, however, a reaction set in, and cultivation contracted year by year, until in 1850 the area was only 92,000 acres. From 1854 cultivation began to extend again, and rose year by year, until in 1851 it stood again at the figure at which it had stood in 1842; and it subsequently continued to increase until in 1862 it obtained its maximum of 166,000 acres.

Then as to collections. There was great uncertainty during the first 11 years. The average annual remission during that period was over 7,000 rupees, out of a demand of Rs. 51,000, and in three of those years the remissions ranged from one-third to one-half of the demand. After 1854 there were no remissions, and the revenue rose with the extension of cultivation. The upward movement of prices in this taluka dates from 1853. It is thus apparent that in *Bhimthari*, even more than in Indápur, the first years of the settlement did not afford a safe basis for comparison at the revision in 1871. While the low range of prices lasted, the assessment was far from successful. It only became successful after the rise of prices began. But, notwithstanding this, the period of low prices (1840-55) was the period taken by the Survey Department—probably in

deference to Sir George Wingate's opinion on Indápur-as the basis of comparison. And the enhancement proposed, 63 per cent, was held to be justified by the use in prices subsequent to that period.

In the other talukas of the Poona district, Haveli, Pábal, and Súpé, and in the talukas of Sholapur, in which the Survey was introduced later, remissions in the early years of the settlement were not so frequent or so large as in Indápur and Bhimthari, but the fluctuations in cultivation were considerable, and it was only after 1854 that the permanent extension of cultivation was secured.

Here, then, was an error of principle on the part of the Survey Department. They adopted as a basis of comparison a period on which it was, to say the least, unsafe to rely. The result of an enhancement of assessment based upon that period could, on their own view, only be to bring back the state of things which existed in that period. And that was a state of things in which cultivation fluctuated and remissions were frequent.

A second error affecting the proposals of the Survey Department is the adoption of insufficient periods for the estimate of average prices. Sir George Wingate, in para 10 of the extract quoted above, divided the table of prices for the 30 years of the settlement into three periods. The first was the period of 14 years from 1836-37 to 1849-50, during which prices were fairly stationary, and the price of Jowari was 54 seers per rupee. The second was the period of 11 years from 1850-51 to 1860-61, when prices were advancing and the average was 39 seers. The third was the period of five years from 1861-62 to 1865-66, when prices were unnaturally inflated, and the average was 18 seers. Sir George Wingate omitted the third period from consideration as exceptional: and the natural

conclusion would have been that the rise in price should be measured by the comparison of the average of the second period with that of the first, *i.e.*, by the rise from 54 seers to 39 seers per rupee, a rise of 38 per cent only. But, instead of taking the average of the whole of the second period, Sir George Wingate selected only that of the last five years of it, namely, 35 seers per rupee, and he thus obtained a rise of 54 per cent. A reference to the table of prices (p. 71 of the report) will show that if Sir George Wingate had taken the average of the last seven years instead of the last five, he would have arrived at a rise of 60 per cent instead of 54 per cent. These figures illustrate the danger of adopting short periods for striking an average of prices. A year or two arbitrarily omitted or included may make an extraordinary difference in the results. It is quite true that in this particular case Sir George Wingate, by the aid of his great natural penetration, selected as his future average price a figure which has been quite justified by events. He selected the rate of 35 seers, and the average rate since 1860 has been 32 seers. But it is not given to all men to possess a prophetic instinct.

Again, Colonel Francis after deciding—properly, as I have endeavoured to show—that the first period up to 1850-51 was not to be adopted as the starting-point of comparison, had remaining to him for manipulation only the period of 15 years between 1851-52 and 1865-66. He divided this period into two portions, the first of five years, which he took as his starting-point, and the second of 10 years, which he compared with the first. He found the average price of jowari in the first portion to be 42 seers per rupee, in the latter 26 seers, and he thus arrived at a rise in price of 53 per cent. This division was arbitrary. If he had taken six years for his first period, and nine years for the second, he would have found the rise to be 57 per cent. If he had taken periods of seven years and eight years, the rise would have been

70 per cent. The price also for the last five years, 1861 to 1866, was, as he himself admits, exceptional and not to be relied on.

The fact is that at the time when Colonel Francis wrote, 1866, there really existed no sufficient data for determining the effect which the rise in prices should have upon the assessment. By Colonel Francis' own hypothesis the period to be taken as the starting-point was the period subsequent to 1851. To strike an average for that period it was manifestly unsafe to look at a smaller number of years than 10. But 10 years from 1851 brings us to 1861, when the unnatural inflation began, which lasted till the time of the revision. Thus there remained no second period reliable for comparison with the first. The average price of jowari for the 11 years, 1850-51 to 1860-61, was 39 seers per rupee. At that price the assessment had been undoubtedly successful. What average price could be taken as an estimate for the future? The average price in the nine years since 1862 has been, as we now know, 32 seers per rupee, and if this price be now accepted as a safe average for the future, there has been a real rise in price, available for enhancement of assessment of 26 per cent. But when Colonel Francis wrote, the future course of prices was, except to the prescience of Sir George Wingate, lost in doubt; the possibility of a relapse after the inflation of 1862-63 was obvious; and it was clearly not safe, in fixing an assessment for 30 years, to count upon more than a very moderate advance on the average of 1851-61.

In the case of *Bhimthari* the comparison of prices was made between the first 15 years and the last 15 years after deduction of the five years of inflation. As to the future average the very fair

assumption was made that it would not fall below 26 seers per rupee. If the first 15 years had been such a period as to afford a fair basis of comparison, the conclusion of the Survey Officer as to the effect of the rise in price on assessment would have been justifiable. But it has been shown that the first 15 years were not such a period. The assessment only began to work smoothly in 1854. There was, therefore, practically only the period 1854 to 1870, 17 years, available for manipulation. Now the average price of jowari during the nine years from 1854-55 to 1862-63 was 31 seers. At that price the assessment was undoubtedly successful. For comparison with this there was, at the time of the revision, a period of only eight years, during three of which abnormal prices had ruled. There was thus here again an absence of sufficient data. Of the assumption that a price of 26 seers could be taken as a safe average for the future, the rise really available for enhancement of assessment was the difference between the rates of 31 seers per rupee and of 26 seers, or 19 per cent only.

In the foregoing remarks the third assumption involved by implication in the proposals of the Survey Department, *viz.*, that a rise in prices produces an equivalent rise in rent, has been left out of sight. Is this assumption correct? The question assumes a rather shadowy aspect in districts where a ryotwari system is in force, but the following remarks are, I believe, practically true. If rent is viewed as a fixed share of the produce, and the payment of rent as the payment of the money value of that share, it is a natural assumption that as the prices of produce rise, rent

will rise in the same proportion.\* But the fact is that rent is not in practice a fixed share of the produce. It is the share which the cultivator can afford to pay away after reimbursing himself for the cultivation. Under the rigorous theory of political economy this reimbursement is reduced by competition to the lowest possible figure. But in practice, even when competition is active, the share of the produce retained by the cultivator varies from time to time and from place to place, under the influence of various causes, of which the most efficient is the change in the "standard of comfort" of the people. This is the case even in England, where the rates of rent and of agricultural wages vary, sometimes unaccountably, from county to county; and it can hardly fail to be the case in India. Now a rise in the price of grain takes place, as has already been observed, through a series of fluctuations. Money rents cannot fluctuate with prices any more than money wages can. They can only make a general rise when it is apparent that a higher level of prices has actually been reached. In the interval the cultivator has been getting the benefit. If before the rise came he lived, as the Deccan ryot lived, in a condition of poverty and wretchedness, he will take advantage of the opportunity to raise his standard of comfort. This standard cannot easily be lowered again, and no one could wish to see it lowered.\* In Northern India a rise in the standard of comfort has undoubtedly been taking place among the cultivating classes, even under the revenue system there in force. Under a ryotwari system with 30 years' settlements the standard ought to have risen still more, and the share of the produce available as rent ought to have *pro tanto* diminished. To what extent it ought to have

diminished I am not concerned to inquire. The point of my argument is that the Survey Department were wrong in assuming that the rise in rent in the Deccan has been, or ought to have been, equivalent to the rise in the price of grain.

The above remarks have shown sufficiently how, in my opinion, the Survey Department were led into proposing unduly large enhancements. It only remains to consider what principles should be laid down to guard against similar errors for the future. The first principle clearly is that the period selected as the basis of comparison should be a period in which cultivation remained at, or nearly at, its full extent, and in which the assessment was paid with ease. The length of this period should be not less than 10 years. The second principle is that, to estimate a rise in price of grain, the average prices of periods of not less than 10 years, and preferably of more, should be considered, and that, unless these periods are of considerable length, exceptional years should be excluded. The third principle is that when a permanent rise in price, available for an enhancement of assessment, has been established, the enhancement should not be of the same proportional amount as the rise in price, but something short of it, to allow for the effect of improvement of the "standard of comfort" on rent.

If these principles are admitted, it will follow that the percentage of enhancements of assessments in *Indápur* and *Bhimthari* should have fallen short of 20 per cent. The enhancements at present stand at 39 and 37 per cent. In *Haveli* the second decade (1851-52 to 1860-61) may be taken as the basis of comparison, in which the average price of jowari was 30 seers. The average

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\*Suppose a holding producing 50 maunds of grain, of which 40 maunds are absorbed in cost of cultivation, and 10 maunds are payable as rent. Of the 40 maunds the greater part is actually consumed as food by the cultivator and his family and his labourers, part is used as seed-grain, and the remainder is exchanged for necessaries or for stock. A rise in prices produced by the influx of silver into India will not enable the cultivator to effect any reduction in the 40 maunds which go to the cost of cultivation. It would, however, at first sight appear that he would have to pay away the whole of the enhanced money value of the 10 maunds as enhanced rent.

\*Mr. Pedder has some strong remarks on this subject in his "Leading Points on Revision Settlements," and elsewhere.

in the third decade, excluding the abnormal years, was 19 seers, and the same appears to be the average up to the present time. The enhancement justified here would be therefore 58 per cent *minus* the proper deduction on account of the standard of comfort. The enhancement first proposed here was 95 per cent; that adopted was 65 per cent. This has now been reduced to 41 per cent, and accordingly no further reduction seems necessary. In *Pábal* the second decade (1851-52 to 1860-61) may be taken as the basis, in which the average price, according to the Muncher rates, was 32 seers. (The Tullegaon rates seem unreliable, for they show a greater rise than in Poona itself.) The average of the third decade, excluding three abnormal years, was 25 seers. The enhancement justified here was therefore 32 per cent *minus* the proper deduction. The enhancement first proposed was 88 per cent; that adopted appears to have been 51 per cent, and this amount has now been reduced, by the orders of Government, to 38 per cent. The demand, on my view, is still excessive. In *Súpe* the second and third decades may be compared, the exceptional years 1863 and 1864 being omitted. The rise in price was—if the figures are correct, which is perhaps open to doubt—from 28 seers per rupee to 18 seers, or 55 per cent. In this taluka the enhancement proposed and adopted was 40 per cent, an amount that appears fully justified.

In taluka *Madha* (Sholapur Collectorate) the settlement appears from the Survey Reports (I have not seen the diagrams for this collectorate) to have begun to work successfully only at some period after the commencement of the second decade. (See para 12 of Mr. Grant's Report, and paras 14, 15, 16, and 31 of Colonel Francis' Report.) The average price of jowari at Madha and Mohol in the second decade was 35 seers per rupee. The average price in the third decade (omitting the abnormal years 1863-64 and 1864-65) was 28 seers. The rise in price was thus

25 per cent, and the enhancement of assessment justified by it was, therefore, something less. The enhancement proposed was 74 per cent and that finally sanctioned by Government 41 per cent.

In *Bársi* (paras 26 and 27 of Colonel Waddington's Report) the settlement began to work well after 1852. The second decade may therefore be taken here also as the basis of comparison. But trustworthy records of prices are not forthcoming, and Colonel Francis (para 28 of his Report) considers that the prices of Indápur may be accepted for Bársi. It has been shown above that in Indápur there has been since 1862 (omitting the exceptional years) a rise in prices of only 22 per cent over the average of the decade preceding 1862. The enhancement proposed for Bársi was 62 per cent; it now stands at 42 per cent.

In *Sholapur* taluka remissions, even in the first decade, were small, though cultivation did not spread to its full extent till the end of the second decade. Apparently the assessment was moderate from the first, and this Taluka can now bear, as large an enhancement as any taluka in the Poona and Sholapur Collectrates. Records of prices do not exist.

In *Karmála* the decade after 1853 may be taken as the basis for comparison (see paras 23, 24 of Colonel Waddington's Report, and para 13 of Colonel Francis' Report) The table of prices gives the average price of jowari for that decade as 40 seers, and for the following decade (omitting 1863-65) as 22 seers, and the rise is consequently 80 per cent. If these prices are correct, the enhancement of assessment proposed by the Survey Department, 32 per cent, is fully justified.

In the above remarks the assessment of a Taluka, together with its enhancement, has been considered as a whole. There is another way of dealing with the question. The assessment may

be considered in detail. The assertion that the first decade of the expired settlement does not afford a fair basis of comparison rests upon a consideration of the general working of the settlement in that period. But, it may be asked, is this the proper way of considering the settlement? The assessment of a Taluka is made up of the assessment of individual fields; the value of each field to the cultivator depends mainly upon the amount of its assessment; in the Talukas under notice cultivation did not extend into part of the area until after the rises in prices of 1852-53 had taken place, and it may fairly be inferred that in that part of the area the assessment had been, at the previous low level of prices, unduly heavy; but in a portion of the area cultivation remained constant, and in that portion it may be inferred that the assessment was always moderate. So, too, as to remissions: large remissions were granted in the first decade, but they did not swallow up the whole revenue; a portion of the demand was always paid, and to that extent the assessment was not oppressive even in bad years. Are no conclusions possible from these considerations as to the amount of enhancement now fairly demandable?

Before proceeding to consider the question from this point of view, the remark has to be made that this is not the point of view of the Survey Department. The basis of the assessment on the survey system is the classification of the soil. The classification proceeds purely upon the apparent quality of the soil. In classing any field the past history of the field is not considered. It is not asked how the field was classed at the last survey, nor how the assessment then imposed on it has been borne, nor whether the cultivation of it has been continuous. The field is classed according to its apparent value with reference to a fixed standard. The classification is relative, and the actual assessment is governed by the rate selected as the maximum for the best class of soil. Thus the classification is a thing complete in itself. If

properly made, the assessment is equable all over. It may be, all over, too high or too low, through the selection of too high- or too low a maximum rate; but, except through accident or error, it cannot be unequal. From the point of view of the Survey Department, therefore, the pressure of the assessment in any given period ought to be considered as a whole, and not in detail.

Passing over this objection and coming to the matter in hand, the first noticeable point is that if the assessment is considered at all in the manner suggested, it involves the admission that the enhancements proposed by the Survey Department were not, on their showing, justified. If the old assessment on the part of the area was so pitched as to make cultivation unremunerative till prices rose in 1852, it is obvious that no argument for the enhancement of the assessment on that part of the area could be based on the prices current before 1852. If 53 per cent. (say in Indápur) was a fair percentage of enhancement for the continuously cultivated area, it was not a fair percentage for the whole area. In Indápur (*vide* diagram) the area taken up after 1852 was 24,000 acres out of 238,000 acres. In Bhimthari the area taken up was 66,000 acres out of 166,000 acres. With regard to these large areas, on which little or no enhancement was *ex hypothesi* possible, some reduction was clearly necessary in the rate of enhancement proposed for the whole Talukas.

It has further to be remarked that the error committed here was greater than it at first sight appears. The diagram exhibiting the area of cultivation shows only the net fluctuations of cultivation, and not the gross fluctuations. In any year in which a general decrease of the area under cultivation in any Taluka, and ordinarily in any village, takes place, there are *per contra* a certain number of fields taken up. I find, for example, that in the village of Kheirgaum, in Bhimthari, the area relinquished in the year 1849-50 was 568



acres, while in the same year an area of 273 acres was taken up which had been lying untilled in the previous year. Thus, while the gross decrease of cultivation was 568 acres, the net decrease was only 295 acres. Again, in the village of Súpa, in Bhimthari, there was in the year 1852-53 a gross increase of cultivation of 729 acres, while, in consequence of the simultaneous relinquishment of 506 acres; the net increase was only 223 acres. The fluctuation of cultivation has extended, therefore, over a considerably wider area than is apparent from the diagrams, and the residue of area which has remained continuously cultivated is proportionately smaller. In the village of Kheirgaum, above referred to, only 1,188 acres out of a total area of 4,825 acres remained continuously cultivated throughout the settlement. In Súpa continuous cultivation covered only two-thirds of the area. It follows, therefore, that in determining the general percentage of enhancement to be levied on a Taluka, a larger allowance is required on account of the area of doubtful cultivation than would appear necessary from the diagram.

Coming now to actual figures I find that in Indápur the average demand for the first decade was Rs. 77,443, the average annual remission for this period was Rs. 12,223, the average collection was Its. 65,220. (Report, p. 39.) It thus appears that for the average area annually under cultivation in the first decade average revenue of Rs. 65,220 was all that could be recovered. This sum, assuming that it was paid without difficulty, represents the portion of the whole assessment that was really moderate, even in the reign of low prices. It is evident, then, that upon this sum, or rather upon the area which paid it, and not upon the whole demand and area, the enhancement proposed by the Survey Department on the ground of the rise in the prices of produce was really leviable. The rate of enhancement proposed was 53 per cent. An addition of 53 per cent to Rs.

65,220 will produce Its. 99,786. To this has to be added the assessment on the area taken up in the period of high prices, viz., Rs. 5,161 (the difference between the demand in the first decade and the demand in the last), and this amount is clearly not subject to enhancement. Including this sum, the total revised assessment will amount to Rs. 105,397 and the rate of enhancement thus obtained is 27 per cent. The rate obtained for Indápur by the former method was 22 per cent. Both percentages are subject to reduction on account of improvement in the "standard of comfort." It may be objected that the assessment on the lands classed as *kharab* and unarable at the last settlement, and since cultivated, must also be added. But these lands have been taken into cultivation by the occupiers of the fields to which they belong or adjoin, and the produce of them had really formed part of the produce out of which the occupiers have been paying the assessment. The argument as to the weight of the assessment on various parts of the area, drawn from the cultivation or non-cultivation of the land, involves the assumption that the area in each case includes all the land of which the produce is received by the persons who pay the assessment.

In Bhimthari the average collections during the first decade were Rs. 43,407. Taking this sum as a basis, and enhancing it 63 per cent, in accordance with the conclusions of the Survey Department, we obtain Rs. 70,749. The assessment on the lands taken up after the advance in prices appears to have been Rs. 24,000, i.e., the difference between Rs. 50,000 demand at close of first decade, and Rs. 74,000 demand of third decade. Including this sum a total of Rs. 94,749 is obtained and the resulting percentage of enhancement is 27 per cent as in Indápur. The rate obtained for this Taluka by the former method was 19 per cent. The result of the application of this method, as it was of the other, is therefore to show that the enhancements proposed by the

Survey Department were excessive, and that even as reduced by the Government they are still above the mark.

It remains to inquire how the enhanced assessment is in practice distributed over the various parts of the cultivated area. It is evident that the main weight of the enhancement ought to fall upon that part of the area on which the former assessment was from the first moderate, while the area of uncertain cultivation, that is, the area on which the former assessment was at first severe, should escape with little or no enhancement. Does the enhancement fall in this manner? The figures available on the subject point to the conclusion that it does not. I find that in the village of Kheirgaum the enhancement on the area which was in continuous cultivation throughout the settlement was from Rs. 730 to Rs. 1,015, or 37 per cent. The enhancement on the rest of the area was from Rs. 1,511 to Rs. 2,805, or 85 per cent. Again subdividing this latter portion of the area into two parts, *viz.*,:- (1) the area taken up in or before 1851-52 and not again relinquished, and (2) the area taken up subsequent to 1851-52, I find the enhancement on (1) was 81 per cent, and on (2) 87 per cent. These are the rates of the enhancement as first proposed by the Survey Department. The reduction in assessment recently directed by the Government brings down the total demand on the village, from Rs. 3,820 to Rs. 3,302. But the incidence of the demand is, as faulty as it was before. The enhancement on the area of continuous cultivation now stands at 15 per cent only, while the enhancement on the fluctuating area is 63 per cent. Similarly in the village of Súpa the enhancement imposed by the survey on the area of continuous cultivation is 39 per cent, while the enhancement on the remaining area is 50 per cent. This enhancement has not been modified by the Government.

In these two villages, then, the proper order of enhancement has been inverted, and the following reasons exist for believing that they are not unusual instances. The value of a field to a cultivator depends mainly upon the propriety or otherwise of the assessment, but among a number of fields all fairly assessed the fields of greater natural fertility will be more attractive to the cultivator than the inferior fields, because of the greater certainty of the produce. It may accordingly be expected, speaking generally, that where cultivation fluctuates largely, the area of uncertain cultivation will contain a larger proportion of the inferior fields than the area of continuous cultivation. Thus in Kheirgaum the area continuously cultivated bore an average rate per acre of 10 annas, while the rate on the rest of the area was 7 annas. That is to say, the difference in the average quality of the two areas was such that the former was better worth cultivation at 10 annas per acre than the latter was at 7 annas. The rates imposed on these two areas by the revision are respectively 13 as. 8 pie and 12 as. 5 pie, or as now reduced by the Government 11 as. 4 pie and 10 as. 1 pie. Again, in Súpa the area continuously cultivated bore under the old assessment an average rate of 6 as. 8 pie, while the rate on the rest of the area was only 4 as. The revenue rates on these areas are 9 as. 4 pie and 6 as., respectively. In both these instances, therefore, it is plain from the rates of both the old and new assessments that the area of uncertain cultivation was, as a whole, of inferior fertility to the area of continuous cultivation.

Now it is apparent from the recent action of the Government in directing the reduction of the lower classes of rates in Madha and other Talukas that there is, admittedly, a tendency in the system of classification at present in force to press too heavily on the middle and lower classes of soils. The Revenue Commissioner, S.D., in Appendices E, F, H, and I, to his letter No. 1,466, dated 20th

April 1874, recorded the results of his inquiries in four villages in the Sholapur Collectorate. In the village of Alipur the percentage of enhancement on lands of the 1st and 2nd classes (according to the old Classification) was 18 per cent, while on lands of the 3rd class it was 67 per cent. In Dahitneh the enhancement in the better lands was 57 per cent, in the poorer lands 106 per cent. In Miri the enhancement on 1st class lands was 19 per cent, on 2nd class lands 56 per cent, on 3rd class lands 167 per cent. In Ishwar-watar the enhancement on 1st class lands was 54 per cent, on 2nd class 79 per cent, on 3rd class lands 138 per cent. The causes which led to this result were investigated by Mr. Havelock in the letter quoted, but his conclusions were questioned by Colonel Francis. The result itself, however, appears to have been accepted by the Government.

If, then, the enhancement, generally, has been greatest on the inferior soils, and the inferior soils form the larger portion of the area of uncertain cultivation, it follows that the Survey Department, besides levying too large an enhancement as a whole, have also so distributed it that it falls heaviest on the very lands which have shown themselves least capable of bearing it.

Of such a result as this the only possible explanation, is that there is some flaw in the system of classification. That flaw I believe to be that the scale of classification does not allow a sufficiently wide interval between the rates on the best soils and the worst, or which comes to the same thing, does not allow a sufficiently low rate for the worst soil. By the joint report scale the soil of the 1st class was valued at 16 annas, and the soil of the 9th or lowest class was valued at 2 annas. Thus the rent of the worst land was taken to be one-eighth of the rent of the best land. In the recent revisions the valuation of the three lowest classes has been reduced by Colonel Francis, and the 9th class is now valued at 1 anna, or 1-16th of

the value of the 1st class. The range of this scale within any Taluka is of course extended by the method of assessment by groups of villages, each group having a different maximum rate. Thus in Indápur the maximum rate selected for the best village was Rs. 1-2-0, and that selected for the poorest group of villages was 14 as., giving a minimum rate of 10 1/2 pies. There was, thus a, difference of twenty-fold between the rates on the best class and the worst, within the Taluka. Similarly in Bhimthari the difference was twenty-six fold. But it can be shown, I think, that even within a single group of villages a range of twenty or twenty-six-fold is insufficient. Direct evidence in the shape of statistics, of the actual renting value of the best and worst lands is not, apparently, available. But the conclusion results from following considerations.

It is manifest that in the Deccan, owing to the great uncertainty of the seasons and the smallness of the average out-turn of crops, there is a great deal of land which only just repays cultivation. Some of this land cannot afford to pay an economic rent at all, and some of it can only afford to pay a very small rent. In such a country, where the higher forms of agriculture are unknown, the cost of cultivation per cultivator, *i.e.*, the cost of working the full holding workable by one man, is in un-irrigated land practically nearly the same for soils of all classes. The main items of cost are the food and clothing of the cultivator and his family, and the replacement of stock, both of which are independent of the nature of the soil. The variation in seed-grain is small. Farm-servants are by the hypothesis not required, and day labour is only required on certain special occasions. It is true that, in the Deccan, holdings are more often held by two or three cultivators in partnership than by single cultivators. But the argument is the same if the unit is (say) a joint holding of three cultivators as if it is the single holding of one cultivator. In some instances, no

doubt, this normal cost of cultivation is reduced in a special way by the cultivator subsisting on insufficient or unwholesome food, and by his helping himself along by work as a day labourer at spare times; in this way he may make shift to pay a rent for poor land which otherwise it could not bear. But for the present purpose these cases may be disregarded. If the normal cost of cultivation is taken to be practically constant, them denoting it by  $c$ , and denoting the produce by  $x$ , the rent will be  $x-c$ , which may vary, as  $x$  varies in various soils from nothing to (say)  $c$  or  $2c$ .\* The "inferior limit" of rent in the Deccan is thus nil, and the variation is, theoretically, infinite. The assessment is a portion of the rent, and the inferior

limit of the assessment should be the lowest rate which the Government considers worth the trouble of collection.

By the present classification the worst soil is valued at 1 anna; that is, there is no class of soil valued between 1 anna and nothing. But if what has been said above is true, rent ranges in the various soils of the Deccan from the smallest fraction to the maximum rate. There must then be grades of soil occupying the interval in rent-paying value between 1 pie and 12 pies, as there are between 12 pies and 16 annas. It is plainly not fair that these grades should be placed in the 1 anna class. They ought either to be placed in a lower class still, or excluded altogether. My conclusion is that if the 1st class of soil be valued

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\*Let us take the case of the average cultivator of Indápur or Bhimthari, who works his holding with his own bullocks and with his own labour. What is the cost of his cultivation? The main item is that of food. He has a wife and child. (Population may be divided roughly into three equal parts—one of adult males, one of adult females, and one of children under 15 years. The average family consists, therefore, of a man, woman, and child.) They eat, or ought to eat, between them a seer and a half of jowari a day; or 13 1/2 maunds in a year. The second item is replacement of stock. In these talukas the ratio of plough-bullocks to head of agricultural population is 45. The average cultivator possesses, therefore, something less than 1 1/2 bullocks. A pair of bullocks costs nowadays Rs. 40, and the working life of a bullock is about six years. Our cultivator's capital in bullocks being thus 25 or 30 rupees, six or seven rupees a year (say four maunds of jowari) ought to go to replacement of stock. The third item is clothing for himself and his family, and sundry expenses in domestic and agricultural matters - say 1 1/2 maunds of jowari. The fourth item is seed-grain, which may be taken (jowari) at about 3 seers per acre. The last item is day-labour, costing (say) 2 1/2 maunds.

The average holding per head of agricultural population in these talukas is 64 acres. The average holding of an adult cultivator is therefore, in round numbers, 20 acres. Let us first take the case of our cultivator holding 20 acres of poor land. His -expenses, as above, are:-

Food	13 1/2 maunds.
Replacement of stock	4 maunds.
Clothes, &c.	1 1/2 maunds.
Seed	1 1/2 maunds.
Day-labour	2 1/2 maunds.
Total	23 maunds

Clearly he cannot afford to pay rent at all unless his holding produces more than 23 maunds; that is, something more than a maund per acre. Let us suppose the produce is 24 maunds; the one maund will be available as rent, and the rate will be two seers per acre.

On the other hand, suppose that his holding is in good land, of which the produce is (say) 3 maunds per acre; then the total out-run of 20 acres will be 62 maunds, and, after deducting the cost of cultivation as before, the portion of the produce available as rent will be 37 maunds, of which the rate will be 74 seers per acre. In this supposed case, then, a variation in the produce from 48 seers to 3 maunds per acre, *i.e.*, a variation of less than threefold, produces a variation in the rate of rent of 37-fold.

The instance is, of course, open to the objection that, although 20 acres may be the average holding, holdings in poor land are larger than holdings in good land, and allowance must no doubt be made for this. On the other hand, the assumed range of variation in produce is greatly within the mark. In the Revision Report of Taluka Madha (para. 42), Colonel Francis estimates the produce of poor land at an eighth or a tenth of the produce of the best soils. The instance is only designed to show that in a country where the cost of cultivation swallows up such a very large share of the produce of poor land as it does in the Deccan, the range in rates of rent, and consequently in rates of assessment, must be unusually large. It is certainly not a violent conclusion to say that the extreme range of rate in the classification scale should be not less than from 1 to 32.)

at 16 annas, the lowest class should be valued at not more than half an anna. If in any group the maximum rate of assessment selected is less than one rupee, it is a question whether the rate on the lowest class should not be foregone.

A change is also required in the number of classes. The number under the present scale is the same as it was under the scale of the first survey; but much land is now classed as culturable which was formerly classed as unculturable, and this land naturally falls into the lowest class. The result follows that much land classed formerly in the lowest class (the 9th) is now pushed up into the 8th, and similarly land from the 8th class is raised to the 7th. Mr. Grant, in his Report on the Revision of Talukas Niphar and Chandur, in Nasik, wrote:- "Soils from the 3rd class downwards were entered fully "two classes too low in the former valuation, and the 8th and 9th orders of soil were very commonly entered as *Kharab*." To this fact must, I think, be ascribed much of the over-assessment of the lower classes. The remedy is simple, namely, to construct the scale to contain 11 or 12 soils in lieu of nine.

**THE CONNEXION OF THE ENHANCED ASSESSMENTS OF LAND REVENUE WITH THE EMBARRASMENTS OF THE RYOTS.**

**I. - OPINIONS OF OFFICERS AND OTHERS.**

*Extract from the Replies of the Collector of Poona to the Commission Queries, October 1875.*

The difficulty of collecting the revenue has largely increased, owing chiefly to the fact that most of the land is mortgaged, and that the money-lender has to pay the assessment, which he will not do until he has exhausted every artifice to obtain a reduction of the assessment. \* \* \* \*

The ryots generally attribute their embarrassments to the weight of the assessments, and also to the operation of the civil courts. Except in the

few newly revised talukas the assessments are considerably lighter than they were under the former native governments. \* \* \* \*

The introduction of the revised assessments has undoubtedly added to the embarrassments of the ryots. They find it more difficult to obtain money to pay the assessment; because the whole of their land being mortgaged they must go to the money-lenders, who take advantage of their poverty to press for remissions.

*Extract from Letter of Sub-Judge of Ahmednagar, dated 20th of October 1875.*

I have the honour to observe in regard to the first point that the late disturbance had at first arisen in the Poona, and afterwards in some of the adjoining talukas of the Ahmednagar district. The ryots of the Ahmednagar district appear to have only followed the example set by their brother ryots in the Poona district.

If there be any special causes that might have excited the ryots to commit these outbreaks they must be inquired into in the Poona district wherein they had first commenced.

I think that the recent revenue settlements made by the survey officers in the Poona district (doubled in many cases) must have no doubt made the ryots, who had already been reduced to poverty, desperate, and that when they found themselves quite unable to pay the increased revenue they became hopeless, and committed the disturbances now under inquiry.

*Extract from Letter of the Sub-Judge of Patus (Poona), dated 28th September 1875.*

I have also heard complaints that the sowkars refused to pay the assessments, after carrying away the whole of the produce of the last season, with an undertaking to do so.

*Extract from a Memorandum by Mr. Shambhu-prasad Lakshmilal, December 1875.*

**Question 1.-** Can you say that the revision of the rates of assessment is a cause of the great indebtedness of the ryots?

**Answer -** Looking to the fact that there is a cry of debt in districts where the revision is not introduced, e.g., the Ahmednagar Collectorate, it can be said that the general state of indebtedness is not attributable to the revision.

**Q. 2 -** Yet it remains a question whether it is not an aggravating circumstance in combination with real causes of the indebtedness and misery of the ryots?

**A.-** Measures fair and proper in themselves often lose their value if unfortunately, introduced inopportunistly and under unfavourable circumstances. When the revision, was introduced the new Limitation Act was already in force for years, and the revision found the ryots under a heavy load of debt, and drifting towards more debt still. Very high prices were reigning generally before the revision, which raised the ryots' income considerably, owing to which notwithstanding some increase in their expenses; the ryots were able to pay the sowkars to some extent. Just people already found themselves, even under the old rates of assessment, unable to pay the sowkars as they used to do. Thus, when owing to these causes, the people were already groaning, the revision came on which generally raised the assessment, and this rise in the rates irrespective of the question whether it was rightly or wrongly raised in proportion to the worth of the land became a grievance to the people. People at all times naturally view unfavourably any increase in the dues they have to pay, without concerning themselves as to the equity of the measure and in the adverse circumstances the unfavourable view amounted to dissatisfaction. By section 30 of the Survey Act people understood that whenever the rates may be revised they will chiefly be with reference to market rates of the produce, and the value of land so determined that the quality and

the classification of land was settled once for all, and that if by improvements and industry they bettered some land and raised it in quality and value they will enjoy the benefit without any new extra burden being thrown upon them in consequence of their adventure and labour. In short they understood for certain that the classification of land will not be altered at the time of revision of assessment, but that the increase or decrease in the rates will be fixed with reference to the rise or fall in the prices of the market produce. In the recent revision the classification was also revised. Under the old settlement of the classification, which settled the quality of lands for 30 years, the relative worth of the lands of the different owners was permanently fixed in the people's minds. By the revision this relation recognized for 30 years was broken up, and, more than the absolute rise in their dues, people complain of the relative rise as compared with the others who formerly paid assessment equal to their own, or different in a certain proportion. If, without disturbing the relative burden, the rates against all are proportionately raised, the people do not so much feel the burden and see no cause of complaint.

**Q. 3. -** Then, if it be found that by the old settlement some cultivators were under assessed and others over assessed by mistakes in classification, is not the error to be rectified?

**A. -** If these are errors they should be rectified. If it is found in some individual cases that the lands have been placed in wrong classes it is desirable that they should be placed in their proper classes, and such alterations people will appreciate as corrections of mistakes. But when the change is wholesale and affects almost all proprietors they cannot be brought to think that the old arrangement which worked for 30 years during which the people found no cause to complain and were prosperous was all a mistake. They view the revision as it is as only a measure adopted to increase the revenues of the State.

**Q. 4. -** But, independent of the people's sentiment, if it be found that in the old settlement the classification of lands was erroneous, or that by

the advance of time for 30 years since, considerable change has occurred in the quality of the lands, and that the revised settlement gives the correct classification should not the latter be maintained ?

A. - The change for the better in the quality of land is principally due to the industry and care of the proprietors, and the expenses which they undergo to make improvements, and it is not intended that such lands are to be thrown under a higher classification. If it be true that under the old settlement lands were placed, below their proper classification it may be said that that being the case not with reference to a few instances, but in almost all instances, it was the fault of the system then in force, and it is a question for consideration whether it is desirable to make a wholesale change in a system which went on smoothly for several years, and at the cost of creating discontent among the ryots.

*Extract from Report by Mr. Macpherson, Assistant Collector of Poona, 1874-75.*

During the traveling season I visited a very large proportion of the villages of Bhimthari and Indápur, and, as remarked in my Letter No. 33 of 16th March 1875, found that about 90 per cent of the ryots were not merely in debt, but hopelessly involved in it. As pointed out in that letter the real owners of the land are the moneylenders, they alone profit by remissions, and consequently they are the persons who by refusing advances to the ryots prevent the punctual realization of the revenue. Their aim this year was by refusing advances to the ryots to force Government to grant large remissions, as they well knew that the whole taluka could not be sold up, and it was well worth their while to have a few fields sold, and then a remission granted on the rest. The ryots, however, who think themselves the owners of the land, did not at all approve of this arrangement, each man fearing that he himself might be one among the small body of victims. According the ryots pressed the sowkars to pay the installments and

the refusal of the latter led to the disturbances which commenced in Bhimthari and extended all around. \* \* \* \*

The real fact, however, is that the whole produce of the ryot's field would not pay the interest on his debt, but the sowkar finds it to his advantage to keep the ryot in nominal possession of the land, and to take the difference between what it produces and what is absolutely required for the support of the cultivator. Out of this difference he has really to pay the Government dues, and all remissions and reductions go into his pocket and not into that of the ryot.

Another result of this state of matters is that nearly the whole land of the taluka being in possession of a few sowkars they can easily unite to raise an outcry for remissions, petition Government, and procure the insertion of paragraphs in the papers. Even an anna remission would put hundreds of rupees into the pockets of these individuals, so it can scarcely be a matter for wonder if they do their best to make Government suppose that the rates are excessive, and of course they have only to refuse to advance the ryots money to bring about a hitch in the payment of the instalments. Last year a few of these men were hit by the confirmation of some of the 1 anna sales and I do not think they will venture to repeat the experiment this year. I am far from saying that the assessment should not be reduced: though not exorbitant, it is still higher than was intended and should, I think, be reduced. I merely wish to point out how the wires are pulled, and at the same time to draw attention to the fact that little or no benefit will accrue to the ryot however much the assessment is reduced.

*Extract from Report by Mr. Davidson, Assistant Collector of Sholapur, 1874-75.*

The cause of this decline and fall of the landholders is only partially the higher rates of assessment, except in Madha, where the most

efficient cause is that the rates are so high. With this we must couple the low harvest price of grain, and the oppression of the civil courts.

*Extract from the Remarks of Government on the Sholapur Reports, 1874-75.*

The orders lately issued for reduction of the survey assessments, on the principle of lowering the classification rates in inferior soils more in proportion than those of the better ones, will remove all ground of complaint on the score of inequality of assessment, such as that brought to notice, and it is hoped, will lead to much of their land being taken up again, if not for cultivation, for grazing purposes, for which the revised rates are amply low.

*Extract from Report by the Collector of Ahmednagar, 1874-75.*

The revision settlement has been fixed for 41 villages (36 in the Kopargaon, and five in the Sangamner taluka). At first it was proposed by the Superintendent of Survey to impose a maximum jerayet rate of Rs. 1-12, which, along with other trifling alterations, would have given an increase on the assessment of 41 1/4 per cent. Subsequently, however, under the orders of Government, a maximum rate of Rs. 1-8 was determined on, which reduces the total percentage increase to one of 30 per cent. At the same time, also, somewhat lower rates than those first proposed were fixed for two out of three specially poor villages. This was good as far as it went, and if it was impossible to postpone the re-assessment until after Government had satisfied themselves as to the real state of the cultivators and the causes of their declension and poverty, it may have been the only course open to Government, as the increase in the rates is not more than the rise of prices during the currency of the last settlement, taken by itself, would justify: so that, had the principle involved in this increase been given up in a part of this district; it might have caused

difficulties in other districts. Nevertheless I cannot but regret that the step taken was necessary, if so it was: for though I have admitted, both in my report last year on the condition of the district and in my report on the revision settlement, that the state of the cultivators is in no way owing to the amount of assessment, which is ordinarily very low; and though, from all I have since seen, I am perfectly satisfied that this view is correct, and do not consider that the rates, even as now enhanced, are in themselves higher than the land can bear, or than Government are entitled to; yet it must be acknowledged that it is one thing to impose higher, though still fair, rates on a thriving and contented population, and quite another thing to enhance, by ever so little, the rates paid by a people already in the extreme of poverty, and almost goaded to desperation. Whatever the necessity of the case may have been, yet it was, as I believe, a step of considerable hazard; for who could say that even this moderate increase of rents might not prove as the last straw on the camel's back, and so complete the ruin of the ryots. Indeed, I have no hesitation in asserting that had such an experiment been made in the Sheogaon and Shrigonda talukas, and not in a portion only of them, but in the whole talukas, the result would have proved even much more disastrous than I, at the time of objecting to the proposed rates, supposed. Events only will show what, if nothing else meanwhile is done to improve the condition of the ryots, will be the results of the experiments that Government have made in the Kopargaon taluka.

*Extract from the Remarks of Government on the Ahmednagar Report, 1874-75.*

The revision of settlements in 41 villages of the Sangamner and Kopargaon talukas has been effected during the year. Mr. Boswell, while admitting the moderation of the increase made in assessments; 30 per cent, and that it is more than justified by the rise in prices since the original settlement was introduced, yet expresses his



doubt whether any revision of assessments whatever is desirable in the present impoverished condition of the agricultural classes. He should, however, remember that on his own showing the increased assessments will not be paid, by the ryot, but by the sowkar, who takes whatever difference there may be between the amount of the Government assessment and the sum absolutely necessary for the bare support, of the cultivators, and that the state of the people in his own district, one of the most lightly assessed in India, shows that unduly light assessments do not conduce to the prosperity of the population.

*Extract from Mr. Pedder's "Leading Points regarding Revision Settlements."*

A sudden increase of as much as 50, 75, or 100 per cent in the assessment of a taluka or group of villages, though it may bring assessments only up to a pitch with which the people were perfectly satisfied 10 or 20 years before, must still produce considerable inconvenience, and perhaps hardship. For it, not only diminishes suddenly the amount which a ryot has been accustomed to spend on his living - in other words, his "standard of comfort" - but it causes a great change for the worse in his relation with his sowkar, a matter of no small importance. This consideration seems to me to have been somewhat overlooked.

*Extract from Report of the Revenue Commissioner, S. D., paras. 9 and 10, on the Revised Assessment of Taluka Karmāla, Zilla Sholapur, dated 14th January 1874.*

When in para 9 of his Report No. 1,441, dated 13th April 1871, the Revenue Commissioner submitted a qualified assent to the revised assessment then proposed for the Mareh taluka, though fully aware of the large area of land previously held free then being brought under assessment, he was entirely uninformed regarding the disproportionate and extraordinary additions which the revised assessment would impose

on separate villages, and the still more extraordinary and, as regards the general rate of enhancement, more disproportionate additions which the revised assessment would impose on individual fields.

It was not even then known to what an extent the former assessment on individual survey fields had been multiplied by the revised assessments. It is this feature in the revision which, though susceptible of the explanation furnished by the Survey Department, has caused widespread dismay among ryots of all classes, from the merchant who has invested in land as a good speculation and permanently safe security for money to the poorest cultivator, who with one pair of bullocks, or perhaps not even that amount of agricultural stock, has under the former light assessment been holding an extent of land, the proper cultivation of which is quite beyond his means.

*Extract from Memorandum of the Revenue Commissioner, S. D., on the Division of Taluka Pandharpur, Zilla Sholapur, dated 21st October 1872.*

The very serious drought and failure of crops in parts of Ahmednagar, Sholapur, and Satara, and in a less degree in Kaladgi and Poona, last year, show that the timely collection in full of even the old assessment in a really bad year is not practicable, and it requires no argument to establish how much more difficult the collection in arrears will become when swelled by such an enhanced demand as that now proposed.

Taking the rates actually fixed by the Superintendent of Survey and Settlement as the result of an elaborate classification based on a maximum rate adopted for each area, the Revenue Commissioner does not find grounds for criticism of the rates on the average they represent; but it does strike him that it is a violent mode of adjustment of the claims of Government to impose on many of the villages an assessment

more than double that which had been ascertained at the previous settlement as suitable, by a process exactly similar to that followed at present, though not so carefully supervised, and therefore apparently not so accurate.

In Eshwar Watar, No. 13 of the Statement, the assessment has been raised, without counting local fund cess, 111 per cent, and the average rate per acre is the highest on the list, or 15 annas 4 pies. Now, laying aside the capabilities of the soil of Eshwar Watar, regarding which the settlement officers of 1839-40 and of 1870-71 ought to be the best judges, the Revenue Commissioner cannot help regarding the new assessment in this and other of the villages as injudiciously enhanced. Admitting the exigencies of the State to be pressing, and the prosperity of the village, due to the previous light taxation, to be capable, under fairly favourable circumstances, of meeting the new demand, does it not appear a terribly crushing weight on the cultivators to find the terms of the settlement given them in 1839-40 increased as follows:-

	Percentage.
Local fund on original assessment	6.06
Revised assessment	111.00
Local fund on above	6.73
	<hr/>
	123.79
	<hr/>

Or, taking the figures roughly, what sort of a prospect must it be to an occupant of Government land in Eshwar Watar to find that he has to pay about 2 rs. 4 annas for every rupee of assessment he paid only a few years ago, when prices were most favourable? This state of things, from the cultivator's point of view, particularly if associated with the serious failure in the locality last year, and the future possibility, nay probability, of a worse market for produce in consequence of falling prices, is certainly most discouraging. And on the other side the most that can be said is that circumstances appear to admit of a considerable

increase of the Government demand, though the measure of that increase is based on theoretical grounds alone.

*Extract from a Petition presented to the Collector of Sholapur by the ryots of Karmála Taluka, September 1875.*

The produce of the land is not equal to the revised rates of assessment levied by Colonel Francis. The fall of rain in these districts is uncertain, and consequently the crops in every year suffer very much. The peculiarity of this district is that there is a seasonable fall of rain in every 10 or 15 years, and it is in that year only that there is a surplus profit left to pay the assessment. Taking into account the precarious rainfall in this district, Lieutenant Nash and captain (now Sir George) Wingate levied the original assessment for a period of 30 years. The ryots somehow or other managed to pay that assessment, though even then they found it very heavy. When Colonel Francis submitted his proposals levying the revised rates, the petitioners, including other cultivators, went to him with their petition, and requested him to give some consideration to the uncertainty of the rainfall in this district, and that the revised rates should not be levied. The petitioners also represented to Colonel Francis that if Government be a guarantee for the seasonable fall of rain, they would most willingly pay the revised rates, whereupon Colonel Francis said to the petitioners that to make the rain fall seasonably is in the hands of God, and that the rates levied must be paid. Since the introduction of the new rates, all the cultivators of the Karmála taluka have mortgaged their bullocks, lands, houses, &c. to the sowkars to pay the assessment. The records of the sub-registrar of the taluka will bear the petitioners out in the above assertion. Lieutenant Nash and Captain Wingate had specially reserved uncultivable land for grazing purposes which has been included in the recent classification and measurement by Colonel Francis, and levied the assessment on it.

If the area of the uncultivable land be deducted from the cultivable land, and if the amount of the new assessment be levied on the remaining land, it will be quite apparent that the new rates are even more than double the original assessment. It is true that the new rates appear increased only by 50 per cent when the uncultivable and cultivable lands are taken into calculation, but, really speaking, the increase is even more than cent per cent in some of the holdings. Unless the new rates are cancelled, and the original assessment is re-introduced, the quarrels amongst the cultivators and the sowkars will not be set at rest.

The British rule in India is dated as far back as the year 1818. Since that year the inhabitants of the Native States (in alliance with the British Government), such as Hyderabad, Indore, Gwalior, Baroda, Nagpur, &c., owing to oppression, used to migrate into the British dominions. Of late, in consequence of the heavy assessment and the injustice caused by oppressive laws, there has been a discordancy between the ryots, sowkars, and Government, and the result of which is that many ryots, sowkars, &c. have given up their lands, estates, &c., and been migrating to the Native States.

*Extract from the Report of the Sub-Committee of the Poona Sarvajanik Sabha, 1873.*

From the evidence summarised above on this head, as also from other information available to the committee in the published records of Government, and from private sources, the following propositions may be laid down as proved:—Firstly, that, on the whole, the rates of the first settlement were moderately low, and were fixed after a due consideration of the circumstances of the soil and the character of husbandry in each taluka. Secondly, that although, by reason of the rates being moderate, the jamabandi of the talukas showed an apparent falling off for the first few years from the nominal figure at which it stood before the survey, yet, as the rates were based on an average

of the actual receipts of the previous 30 years, not only was there no real falling off, but, on the contrary, in the course of a few years, by reason of the extension of cultivation, the jamabandi of the talukas was increased by a large percentage. Thirdly, the survey and settlement operations have had the undeniable effect of making the relation between the State landlord and the ryots rigid and unyielding, to an extent wholly unsuited to the habits and wants of the people, and to the circumstances of the country. One of the first effects of the settlement is that the collector's jamabandi work becomes a mere form, the most urgent representations from the ryots for remissions in bad years are not heeded, and, the seasons being so precarious in this country, the ryots, from want of provident habits, feel in bad years the rigid pressure of the revenue system to be simply crushing. Fourthly, while the witnesses on the whole agree that the first rates were moderate, there is an equal unanimity of opinion from the Indápur, Bhimthari, Madhe, Sholapur, and some talukas in the Kaladgi District that the new rates, being based chiefly upon an expected continuance of the high prices which obtained from 1860 to 1866, are felt to be oppressively heavy and almost crushing, especially as prices in general have steadily declined during the last five years. Fifthly, in fixing the new rates, there has been to all appearances a most capricious exercise of the discretion of the settlement officers with regard to many entire villages, and many individual holders of land in all villages, whose assessments have been enhanced quite out of proportion to the average enhancement of the taluka, thereby most materially affecting the value of the property of these holders.

As regards the first position, the summary of the evidence given before is sufficient by itself to substantiate its correctness, and needs no supplementary remarks. The villagers from the Bhimthari Taluka, who came in crowds to the sittings of the Committee, gratefully acknowledged the moderation of the old rates, about which

they said they had nothing to complain. As regards the Indápur district, the fact noticed in Colonel Francis' Report that during the last 20 years of the first settlement no remissions were found necessary in that taluka, where before more than half the revenue had on an average to be remitted every alternate year, strongly confirms this same view. The statements and witnesses examined from the Satara, Khandesh, Ahmednagar, and Sholapur districts give the same favourable testimony regarding the old rates. Two things ought, however, to be remembered in connexion with this subject—first, that the rates when they were *first* introduced were not advisedly intended to be low, and in their practical effect for the first ten years they produced no sensible relief to the ryots; *secondly*, it was the subsequent gradual, rise in prices, which was the great economical fact between 1848 and 1866, that made the ryots feel these first rates to be conveniently low.

With regard to the second position, a statement is herewith appended, for the Mudibehal Taluka in the Kaladgi district, and the Hangal Taluka in the Dharwad district, and the Parasgad Taluka in

the Belgaum district, showing the details of the proportion between cultivated and uncultivated land in the year previous to the survey, the year of the survey, the 10th year after the survey, the 20th year after the survey, as also for the year 1870-71. It will be seen from that statement that while at the time of first introduction of the survey rates the area of uncultivated land in the talukas of Mudibehal and Hangal was considerably larger than that of the cultivated land, within twenty years from the time of the survey the whole of it was brought under cultivation, leaving only an inconsiderable fraction of one-twentieth to be reclaimed.

Besides, the following statement for the three Zillas of Kaladgi, Belgaum, and Dharwad will show that while the Kaladgi district, with its 953 villages, showed a falling off in the year of the survey of 8,000 Rs. over a jamabandi of 6 1/2 lakhs for the year previous to the survey, the receipts in 1870-71 were 10 1/4 lakhs, or nearly double the revenue received in the first year of the settlement. The same observation holds true, to a more or less extent; with regard to the other Zillas:-

Zilla	No. of Villages	Revenue for the year before the Survey	Revenue according to the Survey Settlement	Revenue for the year 1870-71
(1)	(2)	(3)	(4)	(5)
Kaladgi	953	652000	572000	1021000
Belgaum	930	860000	768000	1139000
Dharwad	1238	1152000	946000	1565000
	3,121	26,64,000	22,86,000	37,25,000

Taking the three Zillas together, while there was a falling off of nearly  $3\frac{3}{4}$  lakhs in the revenue of the first year of the settlement over the previous year, there was an increase in the year 1870-71 of  $10\frac{1}{2}$  lakhs over the revenue of the year previous to the settlement, and fully  $14\frac{1}{2}$  lakhs over the

revenue received in the first year of the settlement, so that long before the 30 years, period of settlement will expire the revenue of the three Zillas has increased about 75 per cent., without any change of rates. Throughout all the other Zillas this same increase has occurred, to a more or less extent. This important fact is well brought out and illustrated by Professor Green, in his pamphlet on the Deccan Ryots, published in 1852.

It is not quite correct to say, therefore, that by reason of the 30 years, settlement the Government has derived no additional revenue from the settled districts during the term of the lease.

As regards the third position, that the introduction of the revenue settlement has had the effect of making the connexion between the State landlord and the ryot more unyielding and rigid than is suited to the habits of the people and the circumstances of the country, the fact is so patent that it is not necessary to give any details regarding it. In districts where sufficient and timely rainfall is assured this rigidity is not felt to be very oppressive; but the districts of Poona, Sholapur, Ahmednagar, and to a less extent Khandesh, Satara, and Belgaum, do not enjoy a certain and equable rainfall, the climate is subject to drought, and the crops are liable to frequent and extensive failures; when a large portion of the agricultural capital, the labouring cattle, are generally swept away. This uncertainty of climate and the calamitous losses it occasions to the cultivators, which no forethought on their part can avert, has probably had a large share in making "the Deccan population what it is," improvident and unthrifty. With such a population, unless the rates are low enough to be conveniently borne in the worst years, demands for remissions will be frequent, and though they may not be complied with, the failure of crops which necessitates the demand is none the less felt to be a disastrous calamity. This year, 1872-73, which has been a remarkably good year in the other districts, has been a year of drought in the Bhmthari Taluka, and large numbers of the people from this poor taluka came to Poona to complain to the assistant collector in charge of the taluka, Mr. Spence, who referred them to the collector. They next complained to the collector, who pleaded his inability to help them. They next went up to Bombay to Petition the local Government, who referred them back to the collector. All that these poor people

wanted was that the revenue officers should make a local inspection of the crops, and, if they were satisfied that the crops had failed, to grant remissions. In this taluka the crops had failed last year also, and by reason of it only one instalment could be taken; and this year, with equally bad crops, these poor people were called upon to pay up the last year's arrears, and this year's full revenue according to the enhanced rates. This is only one instance of the stiffness of the present revenue system which was prominently forced upon the attention of the Committee during their sittings. In another respect the same rigidity of the system affects the cultivating classes in an unseen manner. The village *Gayaran* land, expressly set apart for the village cattle, has been gradually encroached upon by the revenue officers, who sell portions of it by public auction, and these encroachments once made receive the sanction of the settlement officer's register. In the case of *mali* land (*i.e.*, land on the banks of large streams or rivers, which, lies for some time under water during the rains, and on which, when the water retires, there remains deposit which is called *mali*, and which gives the name to the land), while the owner of the number close to the bank receives no compensation, or has not his assessment reduced, if a portion of the bank be washed away, yet if there is a considerable accretion on the bank the owner is not allowed the advantage of it, but the *mali* is separately numbered and heavily assessed. In the fourth chapter of this report, this point and many other points in which the action of the executive Government through its various departments presses hard upon the cultivating classes have been touched upon at some length. It is not necessary, therefore, to go over the same ground here again by anticipation.

With regard to the 4th and 5th positions laid down above, the general effect of the evidence leaves no room for doubt that the recent enhancements have not been made with a due

consideration of the circumstances of the classes to be affected by them. They were based upon an erroneous apprehension that the inflated prices which obtained during the first half of the last decade would continue. The fact is, as has been shown at some length in the first chapter of this report, that prices have steadily declined, and this year in many parts of the country the prices are just where they were between 1856 and 1859. The chief justification for the enhancement of rates, *viz.*, this alleged rise in prices, falls therefore to the ground. But even if it be allowed to have any weight, it will only warrant a moderate enhancement. At present there is no rule laid down to guide the discretion of the officers employed. The settlement officers at their discretion select a few years out of the 30 years' term, and base their calculation upon it. Now in one sense, while it may be perfectly legitimate to suppose that the next 30 years will in their climatic characteristics (and none but climatic changes seriously cause variations in prices in this country) be like the past 30 years, it will not do to take any arbitrary portion of this 30 years' period and assume that the rates during the next 30 years will not fall below this assumed standard. If the settlement officers, therefore, had taken the average of the prices for the whole of the 30 years of the last period, and, according as this average was higher or lower than the average of the 30 years preceding the first settlement, the rates had been adjusted for the next 30 years, their procedure would have been at least intelligible, and much could not have been urged against it. Even then the enhancement could not properly be made in proportion to the absolute rise in prices, but it would be some determinate fraction of the rise in prices, about 50 per cent, because by reason of the rise in prices the expenses of cultivation increase proportionately, and the margin of the actual profits is not correctly represented by the difference between the average prices of the two periods. This distinction has not always been kept

in mind by the settlement officers. And it behoves the consideration of the executive Government Whether, in the settlements to be yet made some such rules of limitation (by which the average would be based upon the returns of the whole of the 30 years' term, and not any arbitrary portion of it, and the enhancement, grounded upon the fact that this average was higher than the average prices of, the previous 30 years, would be only a determinate fraction, a moiety of the proportion of the rise in prices) should not be imposed upon the discretion of the settlement officers so as to enforce a just moderation in all their proposals. In the absence of some such rules, the controlling authorities, who have no special knowledge of the subject, feel their utter helplessness to reject or review the recommendations of the survey officers, and have to content themselves with an ignorant assent. The position above laid down, that the recent enhancements have been oppressively heavy, has received the sanction of the local Government, who, in resolution No. 798 passed in February 1873, have thought it necessary to enjoin upon all survey officers very moderate increases in the revision operations; and in pursuance of this policy the local Government, in sanctioning the revised rates in the Pábal Taluka, sensibly reduced the rates recommended by the survey superintendent, the effect of which was to, bring down the average enhancement from the 88 per cent. recommended by the survey officers to 75 per cent. In this same taluka, as in the previously surveyed districts of Madhe and Indápur, the Motasthal, or additional cess on water, obtained from wells sunk by the ryots at their own expense, was recommended by the survey officers, against the letter and spirit of the Survey Acts; and this increase was well-nigh sanctioned, when at the eleventh hour, upon the representation of the ryots, the injustice was stayed, and the cess was given up. These incidents will prove how dangerous this enhancement mania is, and how

necessary it is that general rules should be laid down to guide the discretion of over-zealous and unscrupulous officers.

With regard to these enhancements, it is next to be observed that in all the talukas to which the enhanced rates have been applied there has been a re-survey and a reclassification. There may be in the abstract sufficient reasons for thus going over work once done before, but when it is understood that this re-survey and reclassification involve the unsettlement of the established market values of an immense number of proprietary interests in land, the mischief of these measures will be seen in all its enormity. So far as the executive Government is concerned, only the total results are placed before it, and its sanction is seldom withheld; but these total results convey no adequate idea of the hardships inflicted in many individual cases where the assessment is raised not according to the average percentage, but by 300 or 400 per cent above the average. This disproportionate enhancement has virtually the effect of confiscating the land so unequally assessed. By the guarantee of 30 years the ryot is led to suppose that he is the owner of the numbers entered against his name, subject to the payment of the fixed assessment to Government, and subject also to any increase that may be deemed just on general grounds at the periodical re-settlements. It does not follow from this that, after allowing a man to hold for 30 years a certain number of holdings subject to certain advantages or disadvantages, as compared with his neighbour's holdings similarly situated, he can be asked to vacate the land under penalty of paying three or four times as much as his neighbours are called upon to pay. Such interference with the rights of property in land, on the ground of an abstract equality which has and can have no place in fact, constitutes a just grievance on the part of those whose property has been thus virtually confiscated.

It has, indeed, been maintained that these unequal enhancements have resulted from two causes—the defective measurements of land at the first survey, and, in cases where this cause does not explain the enhancement, it is alleged that the first assessment was secured at an unduly low figure by the corruption of subordinate native officials. From the lists published in the appendices marked to this report, containing the details of such enhancements in the Indápur, Sholapur, and Bhimthari Talukas, it will be plain that the first alleged cause has had no great effect. Most of the numbers show the same measurements, and yet the enhancements are most irregular. As regards the second allegation, there is no direct evidence coming forth, and supposing corruption possible it proves too much, for the new measurements are also made by subordinate native officials. These pretensions to greater accuracy and purity are simply untenable, and will not stand examination for a moment. Allowing them, however, their full force, one fails to see how the incapacity or corruption of the agents of Government should be a ground for interfering with perpetual leases given by it to third parties, who, on the faith that their properties under all circumstances would keep their place in relative value with their neighbours' properties, have dealt with them, sold them, mortgaged them, and created all manner of interests in them. Properties so settled ought to be as assuredly secured from all unequal taxation or interference as any other private property. If Government had sold building sites which its officers, from incapacity or corruption, had under measured at the time of the first appropriation, would any court of law allow it for a moment, after 30 years' term has passed and houses have been built on the land, to get back its land on the plea that it was not properly measured at first by the default of its own agents? It is strange these considerations find no weight

with professed publicists, where the irregular action of the settlement officers deals at one blow ruin to many hundred homesteads.

That the new enhancements are more than the people can well bear in all seasons has been sufficiently demonstrated by the experience of the last few years. As one consequence of the enhancement of rates concurring with a fall in prices in the talukas of Bhimthari and Indápur, it was found necessary in 1871 to allow nearly half the revenue to remain in arrears, a circumstance which has not occurred in these talukas during the last 26 years. But a worse sign of the inability of the ryots to pay the enhanced rates, and in some cases even the old rates, is seen in the circumstance that in the talukas where arrears were not allowed to remain unrecovered, many numbers held for generations by the holders thereof have been put up to sale, *e.g.*, in the Indi and Shindgi Talukas of the Kaladgi district, in the Karmale and Madhe Talukas of the Sholapur district, and in the Mawal Taluka of the Poona district. In the Shindgi Taluka of the Kaladgi district, in 17 villages about 25 holdings were sold last year by auction for arrears of revenue amounting to Rs. 280. With the exception of two numbers, the rest found no purchasers, and in the column of remarks against several of them it is stated that the holders had absconded into the Nizam's territory from poverty. All these numbers, for whom no purchasers were found, are now lying waste. In the Karmale Taluka, 26 numbers, measuring 940 acres, were sold for arrears of Rs. 232, after allowing partial remissions. Nobody could be found willing to buy them. Nine numbers in the Madhe Taluka, measuring 228 acres, were sold for arrears of Rs. 56, after allowing as much by way of remissions. In a similar manner 15 numbers were sold in Sangwi, a village in the Mawal Taluka, for arrears of revenue in the same year, and found no purchasers. This is the most ominous sign of the times to those who can

discern it, as it is not likely that, except from sheer helplessness, so many ryots in so many villages would abandon their hereditary fields and seek refuge in foreign territory, as the Shindgi people have done in numbers. The returns for Shindgi and Karmale and Madhe are appended hereto. In 12 villages of the Indi Taluka, 29 holdings belonging to 25 holders were sold in 1871-72 for arrears of rent. The total assessment on these numbers comes to about Rs. 354, and at the auction sale about Rs. 390 only were realised. This shows that the ryot's property in his land has been, by reason of the enhanced rates concurring with the fall in prices, so greatly diminished in value that it is hardly in many cases worth one year's purchase, or, in other words, this property has ceased to be of any value in the market. The instances of private sales of numbers which the settlement officers select for the purposes of their report simply mislead those who have the responsibility to act upon those reports. The numbers given above for the Indi Taluka are not fancy numbers, or in any way artificially selected; they are extracted from the annual returns submitted by the Mamlutdar, and may therefore be depended upon as correct representatives of by far the large majority of the ryot's holdings. From these statements it will be seen that if prices continue to fall, the levy of the enhanced rates will be more and more impracticable every year, and will necessitate periodical remissions, large arrears, or abandonment of land by the impoverished ryots.

While these effects are due to the general enhancement of the rates; the other evil noticed before, the unsettlement of landed property and its virtual confiscation by reason of exceptionally heavy enhancement on individual holders, is not of a sort which will be understood by those who cannot see beneath the surface of things. But the mischief of the unsettlement will be none the less certain on that account. Those who have invested



their capital in these holdings so assessed out of all proportion to the average enhancement of the taluka will be ruined, and others will be deterred from making advances to the ryots for improvements in the land. These periodical valuations and classifications undo all the moral effects of fixing the Government demand on land. In the words of Sir John Shore, "the practice of making frequent valuations of the land, and, where one estate has improved and another has declined, of appropriating the increased produce of the former to supply the deficiencies of the latter, is not taxation, but is a declaration that the property of the landholders is at the absolute disposal of Government", or, in other words, is confiscation. It might be said, and has been said, that the cases of such exceptional assessments are few, and that in these few cases the settlement officers simply restore a disturbed equilibrium. The information summarised before shows that these cases are not few, but form a considerable minority; and as regards the plea of restoring the equilibrium, it is one which in private transactions between individuals nobody will be allowed to urge for a moment, and is most scandalous coming from the mouth of those whose default created the mistake. Property is inequality, and after 30 years' guaranteed continuance it is too late to seek to restore an ideal equilibrium at the, sacrifice of all vested interests.

From what has been said before, it will be abundantly clear (1) that the new enhancements are oppressive and unjust; (2), that the allegation of the rise in prices, which is the sole justification urged for such heavy increase, has been falsified by subsequent facts; (3), that even if the rise in prices be admitted to be a sufficient cause, the settlement officers can only by reason of it be justified in raising the rates so far as the rise was permanent and certain to continue, which could only be ascertained upon a survey of the whole

30 years' rates, and it in no way warrants them in selecting any portion of the 30 years which appears to them to be the most convenient standard; (4), that even when the average of the last 30 years' rates is taken as the standard, the rise in rates should represent only a fraction, and not the whole, of the rise in prices, so as to allow a margin for increased cost of husbandry; (5), it has been further shown that the new assessments absorb more than the whole margin of the small profits which were earned under the first settlement, and that they are not paid out of rent proper, but eat up the profits and encroach upon the wages. While these conclusions are arrived at from general reasoning, the experience of the last five years strongly confirms the same view, that the new assessments are oppressively heavy, and such that the ryots will not be able to pay from year to year during the next 30 years. For the first time in 20 years Government has been obliged to allow large arrears to remain unrecovered; for the first time in 20 years the ryots have been asking for remissions on a large scale. For the first time also many numbers have been abandoned in different parts of the country by reason of poverty, and the ryots have left their native villages and absconded into foreign territory. For the first time many more numbers have been sold at nominal prices. Over and above these facts, which demonstrate that the average increase has been in general more heavy than what be ryots can well bear, there is the cry coming from all quarters that individual villages, and individual numbers in all villages, have been exceptionally assessed, the enhancements ranging from 200 to 600 per cent, and chiefly on inferior lands. The ruin of property, and the total loss of confidence which this measure of confiscation has effected, are equally disastrous in the interests of Government and the people. - *Extract from the Report of the Sub-Committee of the Poona Sarvajanic Sabha, Chapter III., 1873.*

**Statement of Cultivated Area and Assessment in the Revised Talukas of the Poona and Sholapur Collectirates.**

Colletorate	Taluka	Year of Revision	Cultivated Area			Assessment				
			First Year of Settlement	Last Year of Settlement	By revised Survey	First Year of Settlement	Average Collections of 1st Decade	Last year of Settlement	Revised Demand as first sanctioned	Revised Demand as reduced in 1875
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
			Acres	Acres	Acres	Rs.	Rs.	Rs.	Rs.	Rs.
Poona	Indápur	1867	199000	238135	270076	72791	65220	81184	125845	113142
	Bhimthari	1871	123000	190410	212703	53067	48407	81475	133131	111468
	Haveli	1872	124500	127610	146745	74500	69744	80475	133174	113439
	Pábal	-	142000	161240	181643	81213	79000	92359	139015	127354
	Súpe	-	115000	147244	159227	44000	48856	59926	76788	-
Sholapur	Madha	1871	223835	266932	305122	81386	90647	100580	174448	142208
	Sholapur	-	314000	381882	413572	131000	134168	174101	307972	265434
	Pandharpur	1872	71500	84273	90798	31500	32500	36048	63441	53171
	Bársi	-	198000	248465	278509	106884	103736	124658	202452	177000
	Karmála	-	198400	271194	299242	84000	78488	110824	146890	-

The figures in cols 5 and 6 are taken from the Resolution of Government No. 5,739, dated 29th October 1874; those in cols. 4, 7, and 8 from the Revision Report; those in cols. 9, 10, and 11 from the several Government Resolutions.

**Table of Rates and Percentages of Assessment in Poona and Sholapur.**

Colletorate	Taluka	Rates of Assessment per Acre												Percentages of Enhancement			
														As proposed		As reduced	
		First Year of Settlement (old area)	Last Year of Settlement (old area)	Revised Assessment reduced (new area)	Revised Assessment now reduced (new area)	On Average collections of 1st Decade	On Collections of Last Year of Settlement	On Average collections of 1st Decade	On Collections of Last Year of Settlement								
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)								
		Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Per cent	Per cent	Per cent	Per cent								
Poona	Indápur	0 5 10	0 5 5	0 7 5	0 6 8	93	55	73	39								
	Bhimthari	0 6 11	0 6 10	0 10 0	0 8 4	207	63	157	37								
	Haveli	0 9 6	0 10 1	0 14 6	0 12 4	91	65	63	44								
	Pábal	0 9 1	0 9 1	0 12 8	0 11 5	76	51	61	38								
	Súpe	0 6 1	0 6 6	0 7 11	0 7 11	60	86	60	36								
Sholapur	Madha	0 5 9	0 6 0	0 9 1	0 7 5	92	74	57	41								
	Sholapur	0 6 8	0 7 3	0 11 10	0 10 3	129	77	98	41								
	Pandharpur	0 5 7	0 6 10	0 11 2	0 9 4	95	76	63	48								
	Bársi	0 8 7	0 8 0	0 11 7	0 10 2	95	62	70	42								
	Karmála	0 6 9	0 6 6	0 7 10	0 7 10	87	32	87	32								

Statement Showing the Area of Waste at various Periods during the Settlement.

Collecto- rate	Taluka	Culturable Area by First Survey	Area of Waste							
			In First Year		End of 1st Decade		End of 2nd Decade		End of Settlement	
			Acres	Per cent	Acres	Per cent	Acres	Per cent	Acres	Per cent
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
Poona	Indápur	238135	39000	16	24550	10	1300	.5	930	.4
	Bhimthari	166502	43000	26	74000	44	2000	1.2	-	-
	Haveli	127610	16000	13	10000	8	1900	1.5	634	.5
	Pábal	161240	35000	22	25000	15	5000	3.1	508	.3
	Súpé	147244	26000	18	16000	11	1000	.7	1800	1.2
Sholapur	Madha	266932	43000	16	40000	15	18000	6.7	170	.06
	Sholapur	345131	28000	8	35000	10	9000	2.6	-	-
	Pandharpur	84273	13000	15	2000	2	2000	2.0	-	-
	Bársi	248465	50000	20	30000	12	30000	1.2	170	.06
	Karmála	271194	72800	27	61000	22	758	.3	464	.17
		2056726	365800	18	317550	15	43958	2	4676	.2

Table Illustrating the Enhancement of Assessment imposed on Villages in Taluka Bhimthari.  
(Every fifth entry from the list of Villages.)

Taluka and Village	Old Assess- ment	New Assessment	Old Average Rate			New Average Rate			Cultivated Area	
									Old	New
(1)	(2)	(3)	(4)			(5)			(6)	(7)
<i>Bhimthari Taluka</i>	Rs.	Rs.	Rs.	A.	P.	Rs.	A.	P.		
Mirwari	820	1680	0	6	9	0	13	8	1951	1963
Bori Aindi	1375	2318	0	7	5	0	10	0	2953	3721
Wálki	1545	2699	0	10	4	1	0	1	2398	2526
Panaoli	342	453	0	5	11	0	6	4	913	1150
5 Khutbar	867	884	0	6	2	0	6	0	2246	2368
Bori Pardhi	1051	1869	0	7	1	0	11	3	2371	2665
Roti	490	658	0	5	5	0	6	2	1440	1702
Hingun Gadi	693	1041	0	3	10	0	4	4	2899	3379
Sirsuphal	2665	4372	0	3	7	0	4	7	11999	15190
10 Pedgaon	1180	2138	0	7	9	0	13	8	2440	2509
Wedgao Darakar	628	1031	0	9	10	1	0	2	1024	1019
Ambi Khurd	476	601	0	4	9	0	5	7	1595	1734
Chopdaj	865	1231	0	6	4	0	7	10	2191	2503
Walki	669	744	0	6	5	0	6	7	1668	1806
15 Murum	2130	2911	0	7	9	0	9	5	4395	4963
Sonaoli	969	1458	0	5	6	0	7	11	2824	2948
Jalgaon	1770	2625	0	7	2	0	10	3	3941	4089

**Table Illustrating the Enhancement of Assessment imposed on Villages in Talukas Indápur, Sirur and Haveli.  
(Every 10th entry.)**

Taluka and Village	Old Assess- ment	New Assess- ment	Old Average Rate			New Average Rate			Cultivated Area	
									Old	New
(1)	(2)	(3)	(4)			(5)			(6)	(7)
<i>Indápur Taluka</i>	R.S.	R.S.	RS	A.	P.	RS.	A.	P.	Acres	Acres
Indápur	4981	8226	0	5	0	0	6	9	16028	19464
Bhaudgaon	1242	1854	0	6	11	0	9	11	2888	2999
Shetphal	1394	2102	0	6	4	0	9	4	3510	3607
Bhandi	469	780	0	5	10	0	8	8	1286	1445
Sugaon	533	976	0	6	7	0	10	11	1288	1434
Akola	1173	1751	0	5	3	0	6	11	1636	2214
Loni	1261	1860	0	6	8	0	8	8	8249	3429
Udhat	685	898	0	7	11	0	10	0	1390	1438
<i>Sirur Taluka</i>										
Kanhur	4177	7401	0	7	0	0	14	4	7790	8279
Shikrapur	4162	5687	0	6	0	1	0	9	5333	5445
Shintakrar	203	373	0	11	0	0	15	4	272	390
<i>Haveli Taluka</i>										
Ghorpari	890	1891	1	2	8	2	4	11	764	819
Wadgao Sheri	475	931	0	7	5	0	12	3	1027	1213
Pashan	1558	2454	0	10	9	1	0	7	2314	2364
Nandosi	680	1037	0	11	3	0	15	7	969	1064
Phursaugi	3153	5239	0	14	0	1	6	0	3613	3817
Mulkhed	669	1098	0	14	6	1	5	7	640	814
Kolewadi	1912	2696	0	9	10	0	0	2	3123	3652
Pimpri	1689	2718	0	9	6	0	15	1	2834	2887

**Table Exhibiting Extreme Cases of Enhancement of Assessment on Villages in the Poona Collectorate.**

Taluka	Village	Old Assessment	New Assessment	Old Average Rate			New Average Rate			Cultivated Area	
										Old	New
(1)	(2)	(3)	(4)	(5)			(6)			(7)	
		Rs.	Rs.	Rs.	A.	P.	Rs.	A.	P.	Acres	Acres
Bhimthari	Kasurdi	1283	2326	0	8	9	0	14	8	2343	2543
	Kedgaon	2241	3820	0	7	8	0	12	8	4672	4828
	Pargaon	4086	7962	0	9	1	0	15	4	7214	7637
	Naugaon	2776	4892	0	10	6	1	2	1	4222	4319
	Khopodi	489	960	0	9	0	1	1	7	873	875
	Dapodi	1510	3026	0	9	4	1	2	1	2588	2666
	Patus	2527	3591	0	7	6	0	11	6	5391	5004
Indápur	Banda	6787	10528	0	6	3	0	9	1	14348	18482
	Warkuta	1194	2289	0	4	5	0	7	5	4322	4955
	Ajoti	559	1163	0	6	3	0	11	11	1438	1562
Sirur	Talagaon	11631	19184	0	11	2	1	1	0	16691	18030
	Pimpli	662	1006	0	10	3	0	14	8	1037	1099
	Kotasirur	2440	4742	0	4	0	0	6	11	9610	10905
Haveli	Bhamburde	1094	2459	0	10	9	1	8	3	1633	1618
	Hadapsar	3288	5599	0	14	4	1	7	9	3676	3773
	Nandira	1041	1706	1	2	2	1	14	3	915	900
	Balawadi	633	1129	0	12	11	1	6	3	784	812
	Naugaon	1693	3227	0	8	2	1	13	5	3330	3849
	Kolewadi	1912	3696	0	9	10	1	0	2	3123	3652

## II - THE SYSTEM OF REVISION OF ASSESSMENT.

*Extract from the Joint Report on the system of Revenue Survey and Assessment, 1847.*

39. The object sought to be attained by our system of classification is the determination of the relative values of the fields into which the land is divided during the process of measurement. The circumstances affecting the values of fields within the limits of the same village, where the climate may be considered uniform, are their natural productive capabilities, their position with respect to the village as affording facilities or otherwise for agricultural operations, and, in the case of garden and rice lands, the supply of water for irrigation. In estimating the relative values of fields the whole of these might be considered together, and the resulting estimate of their capabilities recorded by the assessor; or the latter might record his estimate of each particular by itself. The former system, by requiring a judgment to be given on a consideration of so many distinct and varying particulars, is evidently dependent for the accuracy of its results on the ability, experience, and integrity of the assessor, and to secure anything approaching to uniformity would require a very high standard of qualifications in the agency employed.

40. Such an agency, however, is unobtainable; for it is not possible to collect men of sufficient ability and experience, and even if it were we could not depend on their integrity; so that it becomes a matter of necessity to frame a system of operations sufficiently clear and definite to admit of men being trained for the duty, and to enable us to keep up an effective check upon their proceedings. To accomplish this object, we have been led to separate and define, as far as possible, the various elements which combine to make up the value of a field, and from these to frame such a system of classification as will leave little to the uncontrolled judgment of the classer. With this view we have found it desirable to estimate

separately the intrinsic capabilities of the soil, all extrinsic circumstances affecting its value, and the facilities it may possess for irrigation.

41. With respect to the first of these points in the plan of operations we have to recommend, we have retained the practice of referring every variety of soil to one of nine classes, which experience has proved to afford a sufficiently minute classification for all practical purposes. But, in preference to trusting entirely to the judgment of the classer for determining to what class any particular soil should be referred, we have framed a set of Rules for the purpose of determining the soils which should fall into each class. The fertility of a soil in this country, or at least in all parts of it to which our operations have yet extended, being chiefly dependent on its power of imbibing and retaining moisture, and as this quality is mainly affected by depth, we have chosen the latter peculiarity as the principal regulating influence in the formation of our scale of values.

42. There are numerous varieties of soil known amongst cultivators by peculiar characteristics and distinguishing names; but as many of these differ little, if at all, in fertility, and our classification has reference to the latter consideration alone, it would be out of place to notice in it anything beyond the mere question of value. If all soils of the same depth were of uniform fertility the depth alone would suffice to determine their class, but this is not the case. There are pure soils, that is to say, of uniform texture, and free from any admixture of deteriorating ingredients, which, although of one uniform depth, yet vary in fertility. Such soils are not numerous, however, and we deem it sufficient for the purpose of valuation to range them all under three orders, which again are distributed among the nine classes of our scale, on a consideration of their depth, as will be readily understood from the following table:-

Class	Relative Value of Class in Annas or 16ths of Rupee.	Soils of the		
		1st Order. Of a fine uniform Texture, varying in Colour from deep Black to dark Brown.	2nd Order. Of uniform but coarser Texture than the preceding and lighter also in Colour, which is generally Red.	3rd Order. Of coarse gravelly or loose friable Texture, and Colour varying from Light Brown to Grey.
(1)	(2)	(3)	(4)	(5)
		Depth in Cubits.	Depth in Cubits.	Depth in Cubits.
1	16	$1\frac{3}{4}$	-	-
2	14	$1\frac{1}{2}$	$1\frac{3}{4}$	-
3	12	$1\frac{1}{4}$	$1\frac{1}{2}$	-
4	10	1	$1\frac{1}{4}$	-
5	8	$\frac{3}{4}$	1	-
6	6	$\frac{1}{2}$	$\frac{3}{4}$	1
7	$4\frac{1}{2}$	$\frac{1}{4}$	$\frac{1}{2}$	$\frac{3}{4}$
8	3	-	$\frac{1}{4}$	$\frac{1}{2}$
9	2	-	-	$\frac{1}{4}$

43. The first column of this table contains the nine classes of our scale; the second, the relative values of these, estimating the highest at 16 annas, or 1 rupee, which is the mode of valuation most familiar to natives. We have found by experience that a greater depth than  $1\frac{3}{4}$  cubits, or about 3 feet, does not affect to an appreciable extent the fertility of soils, and we have therefore adopted this as the maximum in the case of the 1st and 2nd orders. Soils of the 3rd order are rarely found of a greater depth than 1 cubit, which we have made the maximum, as any occasional depth beyond this adds nothing to their value.

44. The depths entered in the table determine the classes to which the several orders of soils belong, wherever they are found free from an admixture of particular substances, or unattended by other circumstances which diminish their fertility. These deteriorating influences, when of

sufficient importance to require a soil to be entered in a lower class than indicated by its depth, we denominate faults. Those of ordinary occurrence we propose to distinguish by the following conventional marks as a short and convenient method of recording them in the classer's field-book:-

- ∴ Denotes a mixture of minute fragments or nodules of limestone.
- V Denotes a mixture of sand.
- / Denotes sloping surface.
- X Denotes want of cohesion amongst the constituent particles of the soil.
- ^ Denotes a peculiar mixture more or less impervious to water.
- Denotes liability to be swept over by running water.
- + Denotes liability to an excess of moisture from surface springs.

45. These comprise all the important faults we have hitherto met with, and one such lowers the soil in which it is found a single class; two lower it to two classes; three, three classes; and so on, as will be shown in a subsequent example.

46. Extrinsic circumstances affecting the value of a field but not its fertility, as distance from drinking water, &c. should be noted by the classer in his field book.

47. For the purpose of effecting the classification of a field, the classer, with the aid of the village map, enters an outline of its shape in his field book, which he divides by intersecting lines into a number of equal compartments, sufficiently numerous to give a fair average valuation of the soil by an examination of its depth and quality in each compartment. These particulars, and the class into which the soil falls, are noted within each compartment of the classer's sketch of the field, as shown in the following example:-

East

<b>7</b> $\frac{3}{4}$ ...	<b>4</b> † ≈ $1\frac{3}{4}$ .	$1\frac{3}{4}$ ≈ $1\frac{3}{4}$ .	<b>1</b> $1\frac{3}{4}$ .	<b>2</b> # $1\frac{3}{4}$ .
<b>6</b> <b>1</b> ...	<b>5</b> <b>1</b> ..	<b>4</b> ^ $1\frac{1}{2}$ ..	<b>3</b> $1\frac{1}{2}$ ..	<b>3</b> V/ $1\frac{3}{4}$ .

The figure in the left-hand lower corner of each square indicates the depth of soil, and the number of dots under it the order of soils to which it belongs, one dot signifying the 1st, two the 2nd, and three the 3rd order. The conventional marks in the right upper corner show, the faults, each of which degrades the soil one class; from the order of soil, the depth, and the faults is determined the class of relative value to which the compartment belongs, as indicated by the figure in the left-hand upper corner. To take the instance of the lower compartment on the right of the field, the depth is entered at  $1\frac{3}{4}$  cubits, and the soil is of the first order, as shown by the single dot immediately below. This order and depth indicate the 1st class of relative value, according to the table; but the presence of two faults (a mixture of sand and a sloping surface), indicated by the signs v /, requires the soil to be entered in the 3rd class, as

denoted by the figure 3 in the upper left-hand corner of the compartment. It will also be seen from the example that a particular fault is occasionally entered twice in the same compartment, which means that it exists in so great a degree as to require the value to be lowered two classes in consequence.

48. When the classification of every compartment is completed, the classer enters in his field-book, below the sketch, an abstract, giving the number of compartments or shares of each class, together with their aggregate value in annas, according to the table; and the sum of these annas, divided by the total number of shares, gives of course the average relative value of the field in the annas of our scale. This abstract for the field, given in the above example, would be entered as follows:-



Class,	Number of Compartments or Shares.	Value of Shares in Annas of the scale.
1	1	16
2	1	14
3	3	36
4	2	20
5	1	8
6	1	6
7	1	$4\frac{1}{2}$
	10	
		<hr/> 104 $\frac{1}{2}$ <hr/>
		10.5 average value

The average value of the field in this case is thus shown to be 10 annas and 5 pies of the classification scale.

49. The system we have thus endeavoured to describe possesses the following important advantages: it obliges the classer to give his minute attention to every portion of the field, and by requiring a separate estimate of the value of each, his judgment is brought to bear on a very limited number of particulars, and the chance of error thereby greatly reduced. The distinct record of the valuation of each share further admits of the operation being tested in its minutest details, so that any error of judgment, or carelessness on the part of the classer, in the valuation of any one share in a field subjected to re-examination, may at once be discovered and brought home to him, even if it should not affect the accuracy of his average valuation of the whole. The determinate character of the rules of this system, and the facility afforded for the application of a minute and searching test, must greatly conduce to the promotion of uniformity in the work of different classers, a consideration of immense importance where a trustworthy and experienced agency is not to be obtained.

50. The system we have described is confined to the ascertainment of the intrinsic capabilities of the soil, without reference to external

influences affecting its productive powers, such as climate, or water for irrigation. - *Extract from the Joint Report.*

*Section 30 of the Bombay Survey and Settlement Act, No. I. of 1865.*

It shall be lawful for the Governor in Council to direct at any time a fresh survey or classification of soils or revision of assessment, or all or any of these combined, but the assessment so revised shall not take effect till the expiration of the period of previous guarantee given, as provided in Section 28. Such revised assessment shall be fixed, not with reference to improvements made by the owners or occupants from private capital and resources during the currency of settlement under this Act, but with reference to general considerations of the value of land, whether as to soil or situation, prices of produce, or facilities of communication.

*Extract from the Report on the Revision of Assessment in Taluka, Indápur, Poona Collectorate, January 1867.*

120. I was hopeful at first that Messrs. Goldsmid and Wingate's classification, which was a new measure and carried out regularly throughout the whole district, would serve as the basis of the new assessment. A careful examination, however, of the work has elicited considerable discrepancies in valuation. These discrepancies are attributable in many cases to the difference in area between the measurement of fields as now made and as originally recorded, adverted to in a previous paragraph. To remedy this defect I tried the plan of re-classifying all fields where the difference in area between the two surveys exceeded a given percentage. But it was found that this plan would not ensure a complete correction of the errors ascribable to this cause, and moreover it involved the rather difficult operation

of adjusting the present valuation to the former standard adopted by Messrs. Goldsmid and Wingate.

121. What is here stated will perhaps be better understood if we take as an example the case of a field of which the area has been found on re-survey to be 40 instead of 30 acres, as per former survey. We may suppose the increase to be the result of a change of boundaries. It follows, therefore, that there are 10 acres of which no valuation was made in the former classification, but which have now to be classified, as forming an integral part of the field. Now, if these 10 acres are poor soil and the rest of the field middling good, the former valuation would be incorrect, as we put a fixed average rate on each field based on an estimate of all the different varieties of soil it contains. Suppose, for instance, that the average rate of the 30 acres is 8 annas worked out by 15 shares of 2 acres each, and that 2 annas per acre is the value of the 10 additional acres. Now to arrive at an average value of the whole field, we require to add the corresponding number of shares which these 10 acres represent, which is five, to the aggregate value of the former shares. The following will be the result thus worked out:-

15 shares at an average of 8 annas = 120

Add-

5 shares at an average of 2 annas 10

20) 130

-----  
6.5

122. If, therefore, the former rate of 8 annas per acre were applied to the 40 acres, which is the assessable area of the field according to the re-survey, it would be over-assessed to the extent of  $1\frac{1}{2}$  annas per acre, which would be equal to an addition of Rs. 3-12-0 to the assessment of the whole field. Greater discrepancies than this might occur, for I have taken the case of an 8-anna field, whereas a 12-anna one might be subject to the same error in valuation from difference in area.

The above, however, shows sufficiently the importance of having the classification based upon all the varieties of soil comprised within a field.

123. But, besides this, Indápur is the first district in which a regular classification of soils was attempted by the Survey Department; and the plan of operations, as may be readily supposed, was rough at first starting. We have been unable to make out, with the accuracy desirable in such matters, the precise standard of valuation adopted. It seems to have been different in the Kallas (where operations were commenced) to that of the Indápur division, subsequently classified. There would have been difficulty, therefore, attended with the risk of inequality of assessment, if we had kept the old classification and endeavoured to adjust our valuation of fields re-classified to the same standard.

124. All things considered, it has seemed to me to be safer and more expedient in several respects to make an entirely new classification of the district, based upon the improved system of operations which, with the experience of the past thirty years, has been introduced into the Survey Department since Indápur was first classified.

125. The work has been carefully tested by an assistant, and both the Superintendent, Major Waddington, and myself have subsequently personally examined it in several villages.

126. Having explained the preliminary measures of the revision operations, I shall next proceed to show how I propose to fix the new rates, their amount, and their effect upon the revenue of the district.

127. The revision of the first of a series of revenue settlements dating back thirty years from the present time must naturally include not merely

an adjustment of rates, but a consideration of the general principles upon which they were fixed. Our plan of settlement operations, though rough originally - and, it may be said, perhaps, experimental only in Indápur - has now been fully established; and experience, whilst giving confidence gained from successful results, has enlightened us on many points which seemed to the first projectors of the measure to be beset with difficulties. But, apart from this, the principles to be made specially applicable to the revision operations now yearly to be Carried out throughout the Presidency have to be defined.

128. In the first place I think it should be understood that at a revision settlement a new grouping of villages should be made, should circumstances seem to call for such a measure; and the cases will be rare, I think, where the circumstances of the district have not undergone such marked changes during the currency of the 30 years' lease as have materially altered the condition and ratable position of particular villages.

129. The chief points for consideration in the re-grouping of villages will be - the state of present communications as compared with those existing at the time of the original settlement, and the establishment of new markets, or the decline of those which were the principal ones when the first grouping took place. Many changes will be required on these accounts. The railway in some districts has not only opened out new communications, but been the means of establishing new markets; and on the other hand it has changed first-class markets into second-rate ones, as with Panwell and Bhewandy, in the Tanna districts, by the diversion of the traffic and trade, to which they were indebted for their prosperity as market towns.

130. No change will probably be required on account of climatic influences, though this point should be fully considered on re-assessing a district, for in the earlier fixed settlements attention was not directed to this important subject to the extent it has been latterly, and to the extent, too, that is essentially necessary for an equitable distribution of rates of assessment.

131. This re-grouping should, in my opinion, be carried out generally according to the rules prescribed under this head in the following paragraph of the Joint Report :-

"In determining, then, upon the extent of the country to be assessed at uniform rates, we are of opinion that the more permanent distinctions of climate, markets, and husbandry should receive our chief attention. We should not think of imposing different rates of assessment on a tract of country similarly situated in respect to these three points, in consequence of the actual condition of the cultivators varying in different parts of it, Were we to do so, we should depart from the principle laid down by the Honourable Court of Directors of assessing land according to its capabilities, and adopt the objectionable one of doing so with reference to the means of the person holding it. The effect of such a system, by creating different rates of profits, upon capital employed in agriculture, would interfere with its natural and most advantageous distribution, by diverting it from land actually in cultivation to the lowly-assessed waste of these villages, of which the cultivators happen to be poor. By enabling the latter to meet the Government demand without the application of the same degree of capital and skill required in the case of better cultivated villages, it would foster in the former a slovenly and unremunerative mode of husbandry. By taking into account an element so uncertain and liable to change as the condition of the cultivators in particular villages, the assessment would

become less and less suitable with every improvement in their condition. On the other hand, by basing the assessment on considerations of a durable character, we have the promise of its remaining suitable for a lengthened period, and at the expiration of the term for which it is confirmed require no further alteration than a simple increase or decrease of its amount as the exigencies of the country and Government might demand".

132. But in applying these general principles I am of opinion that we should make some special reduction to meet the circumstances of the case, when, inquiry shows that a village in a certain group has not prospered to the same extent as adjoining villages, of the same group, though enjoying like advantages from the *ad interim* improvements made during the lease. This should not be done, however, until a searching inquiry has been made, and it has been clearly ascertained that the original classification is correct, and upon the standard adopted in the adjoining villages.

133. If the depressed state of the village is due to the ryots being bad cultivators, and not so careful of their resources as their neighbours, no reduction should be made, but if it should appear that some natural causes have operated in bringing about the result, such, for instance, as occasional flooding from the inundation of a river, I think it would be impolitic to ignore the result of 30 years' experience, and keep such a village in the class to which it would belong by the application of the rule for the sake of preserving a general uniformity of rating.

134. In the Deccan districts cases of the kind, will be rare probably, but in the Concan there will, I think, be occasion for the exercise of the exceptional treatment, here advocated.

135. Great care will be required of the revising officer in respect to the treatment of improvements made with the cultivator's capital. The survey rules preclude the levy of any extra assessment during the currency of a settlement lease on account of the enhanced value of land resulting from such improvements, and the same ruling has been embodied in the part of the Survey Act relating to revision operations, the following being the provision inserted in the concluding part of section 30:- "Such revised assessment shall be fixed, not with reference to improvements made by the owners or occupants from private capital and resources during the currency of any settlement under this Act, but with reference to general consideration of the value of land, whether as to soil or situation, prices of produce, or facilities of communication".

136. There may perhaps be some difficulty in determining precisely the kind of improvement which is to be exempted from assessment at the revision. There are some improvements which obviously come under the rule; the construction of a new well, and the conversion thereby of dry-crop into garden land, and, in the same way, the repair of an old one during the currency of the settlement. These are both cases to which the rule is clearly applicable.

137. The planting of trees, which in some districts would give an increased value to land, is another proper exemption from enhanced assessment; and, except in cases where rules have been made specially providing for the re-survey of rice lands at the expiration of the lease, or where rice land is held under special conditions, I should consider that new rice land, made out of Jerayet or dry-crop cultivation land at the ryots' expense, is not assessable otherwise than at Jerayet rates, provided the land was so assessed under the original settlement.

141. The foregoing suggestions appear to me to embrace the main principles by which our revision operations should be guided, and I shall now endeavour to show how they should be combined in the revision of the Indápur rates with the other circumstances affecting the question.

142. I shall take up the general question of communications first. A marked change in this respect has take[n] place during the 30 years. When the settlement was introduced there was not a mile of made road in the district. The first great improvement was in the construction of the present Imperial line of road from Poona to Sholapur, which runs through the centre of the district, passing by the town of Indápur. From its construction till the opening of the railway (to be alluded to in the sequel) this road has been an immense advantage to the district, and is so still indeed, though its importance has been materially diminished by the latter more civilised means of communication.

143. The road has served not merely as the means of bringing Poona, which is the great grain market of this part of the Deccan, and to which all the other markets are more or less subsidiary, within easy means of transport for grain, but it has brought great part of the villages of the district in direct communication with their own great local market. It has also been the means of establishing a regular cart traffic between Poona and Sholapur, which has enabled the ryots to take advantage of any rise in either of these markets when their own has been glutted or unduly depressed.

144. The opening, however, of the railway line from Poona to Sholapur in 1863 has had a great effect, not merely on the Poona road, but upon

markets and prices also. The railway, as was to be expected, has driven the cartman off the road and monopolised his perquisites, and so long as its rates are fairly regulated with reference to the value of produce, as well as its transport cost by road, the company will remain the great market carriers of the produce of this district.

145. The diminution of traffic upon this line of road has considerably affected the importance of Indápur as a market town generally. Situated midway between Sholapur and Poona, dealers exporting produce to either station would naturally try the half-way market. Many a maund of grain and many a cartload of merchandise intended for one or other of the above markets has been disposed of in transit at Indápur, and the return carts laden with some articles of produce which would command a better price in the respective markets. The general business of the place has certainly suffered from the causes here alluded to, though as a local market it is still almost as important as ever, commanding the produce of the district generally. I should consider, therefore, that, as regards our new rates, the market may be said to be as important as it was 30 years since, though it has somewhat declined since the railway was opened.

146. A great revolution has taken place in the price of grain during the currency of the lease. We learn from the reports of the survey officers that jowaree, the staple product of the district, was selling at 66 seers the rupee in the year in which their rates were introduced; the average price of the five years preceding is said to have been 53 seers per rupee. The following table exhibits the average yearly price in the Indápur market during the currency of the lease:-

Year.	Jowaree No. of Seers per Rupee.	Bajree No. of Seers per Rupee.	Year.	Jowaree No. of Seers per Rupee.	Bajree No. of Seers per Rupee.	Year.	Jowaree No. of Seers per Rupee.	Bajree No. of Seers per Rupee.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1836-37	43	34	1846-47	15	13	1856-57	32	28
1837-38	36	44	1847-48	48	32	1857-58	39	37
1838-39	67	30	1848-49	72	56	1858-59	32	28
1839-40	44	30	1849-50	72	$56\frac{1}{2}$	1859-60	39	31
1840-41	64	44	1850-51	38	34	1860-61	33	23
1841-42	56	40	1851-52	40	32	1861-62	27	19
1842-43	68	42	1852-53	56	40	1862-63	16	16
1843-44	72	44	1853-54	56	36	1863-64	13	12
1844-45	60	36	1854-55	29	26	1864-65	16	14
1845-46	36	25	1855-56	32	29	1865-66	18	15
10 years' average	$56\frac{1}{2}$	37	10 years' average	$45\frac{3}{4}$	$35\frac{1}{2}$	10 years' average	$26\frac{1}{2}$	22

147. During the first 10 years of the lease but little change took place. Prices ranged from 72 seers in 1843-44 to 36 in 1845-46, whilst the average for this decennial period is 562. The first year in the next decennial series was a most unfavourable season, and grain rose to the rate of 15 seers the rupee. It speedily fell again, and had gone down to 72 in 1849 and 1850. A steady increase set in from this date, and it was selling at 32 in 1855-56. The average for this period is  $45\frac{3}{4}$ .

148. Beginning with 32 seers in the last decennial period of the lease, but little fluctuation occurred during the earlier years, and down to so late as 1861-62 27 seers was the ruling rate. The general rise of prices which has spread throughout the Presidency dates from this period. Its effect was felt here, 16 seers being the rate in 1862-63, and there has been but little change since. The average price for this period is  $26\frac{1}{2}$  seers.

149. We must consider present prices to be exceptional; to be the effect, in fact, of that commercial prosperity which has resulted from the American war. The export of cotton from that

country being suspended by the war, India was called upon to furnish the supply required for the English market, and she set herself vigorously to the cultivation of that product. Indápur is naturally not a cotton-growing district, but reports of large profits realized from its cultivation having reached the ryots, they naturally turned their attention to its growth; and from returns obtained from the Mamlutdar, I find the large area of 30,049 acres is under cotton cultivation this year. A considerable area has thus been diverted from the growth of grain during the last few years. With a diminished supply there has been increased consumption, consequent on the spread of that wealth which has been poured into the country by the large profits realized from cotton. These causes operating together have been mainly instrumental in bringing about the present high prices, which therefore I think it safe to consider exceptional.

150. To sum up the results of the changes affecting the new rates which have taken place during the lease, grain has risen from 66 to 55 seers the rupee; or, taking the average of the last 10 years, the rise will be from 66 to 26, which is equivalent to above 150 per cent. It is difficult to put a special value upon the increased facilities

of transport resulting from the *ad interim* improvements. There is no doubt they have aided materially in bringing about the rise in the price of grain, and may therefore be included generally under the advantages which are ascribable to that measure.

151. The climate of Indápur has unfortunately, however, prevented the cultivators from realizing that material wealth which is indicated by the immense rise in price of grain referred to above. The rainfall is most precarious. For two and three consecutive years together it is either insufficient, or the falls so untimely and at such long intervals apart, that no crop is brought to maturity. Such has been the case with part of the Kallas division. A good average crop every other year is too liberal an allowance as an average of the general run of seasons. From the Jamabandi reports it would appear that the cultivators get a good crop about once in three years; that of the other two, one is a year of almost complete failure, and one of middling crops only.

152. It is only within the last few years that pluviometers for gauging the rainfall have been introduced into inland districts. I have been able to get but five years' returns for Indápur, which give the following result :-

	In. cts.
Year of 1861-62, total fall gauged	2 50
Year of 1862-63, no return	0 0
Year of 1863-64, total fall gauged	3 18
Year of 1864-65, total fall gauged	11 40
Year of 1865-66, total fall gauged	6 95
Year of 1866-67, total fall gauged	5 24
	<hr/>
	29 27
	<hr/>
Average fall for the five years	5 85

This speaks volumes regarding the climate; for what can be said of a district which has an average rainfall of somewhat less than 6 inches per annum?

153. But it will be said that the climate is no worse now than it was 30 years ago, and consequently that this point does not affect the question of what the present rates should be. I admit this, but at the same time think it is necessary for me to explain to how great an extent its uncertainty has affected the condition of the people by operating against the benefits which would otherwise have accrued to them from the rise in prices. The problem, then, which we have to solve is this: when, or at what period during the currency of the lease, had the cultivators acquired *that amount of capital* which is essentially necessary for the proper cultivation of the land and their own well-being, and what was the price of grain at that time?

154. I think it has been fully established in the review of the settlement that at the end of the first decennial period the cultivators were not in a position to pay a higher assessment had a revision taken place at that time. The average price of grain for the 10 years is 56 seers per rupee; consequently we may conclude that the assessment was not light when gauged by the prices of that period.

155. In our remarks upon Mr. Green's review, which took place six years after, in 1852-53, we have come to the conclusion that though a decided improvement in the condition of the people was noticeable at that period, no considerable accumulation of capital had taken place. The turning point had been passed, and the steady rise in prices which set in from that date soon made a marked change in the state of the district. The revenue was being regularly paid without remissions, and, as indifferent seasons occurred at that time, its payment shows that the cultivators had some funds to fall back upon, and were not entirely dependent on the crop of the year.

156. I think, therefore, we may fairly assume that towards the latter end of the second decennial period the cultivators had acquired *that amount of capital* and *that well-to-do position* which we

would assign to them as the measure of profit to be left after payment of the Government assessment. I am consequently of opinion that we may take the average price of grain during the latter half of the second decennial series as the index by which we may estimate from prices what our present assessment ought to be. In other words, the percentage increase which has taken place during the last 10 years will represent generally the percentage addition to the present assessment which may now be made.

157. Applying this rule to the case, I find the average price of grain for the two periods indicated stood as follows, viz.:-

Average for the last five years of the second decennial series, viz., from 1851-52 (dating from the period of Mr. Green's review) to 1855-56	42
Average for the 10 years from 1855-56 to 1865-66	26
	<hr/>
	16
	<hr/>

We may assume approximately, therefore, that between 50 and 60 per cent, is the addition (considered solely, with reference to the price of grain) which may now be made to the present assessment.

158. I find that a maximum rate of one rupee per acre, with a reduction of 2 annas for some villages and a special increase of 2 annas for Indápur itself (details to be explained in the sequel), will give about the required amount of assessment. Twelve annas is the maximum on which the present assessment is based. An increase to a rupee is equivalent to an addition of 33 per cent only. But it has been shown that according to the new survey a considerable extent of land has hitherto been held in excess of the assessed area. The assessment now placed upon this, and the assessment resulting from the adoption of a comparatively higher standard of valuation for the best soils, form a special fund of increase to our new settlement. And these sources, swelling the general amount, raise the percentage increase higher than is indicated by the difference between a 12 anna and a rupee maximum rate;

that is to say, by the application of the latter rate to new measurements and new classification, the assessment will be raised to 53 instead of 33 per cent., which is the actual difference between the two given rates.

159. I have satisfied myself by inquiries, as well as by returns of the state of the crops, that the rainfall is not equable throughout. It is evidently somewhat larger and more certain in the south-east corner of the taluka, extending beyond Indápur, and embracing the country along the banks of the Bheema, than in the western part of the district, extending from beyond Kallas to the Baramuttee villages. The three last seasons furnish striking examples of this. Round about Indápur, and in the tract of country first indicated, the rainfall, though small, has been timely and sufficient to ensure an average good crop, whilst for the same period there has been almost an entire failure in the villages round about Kailas.

160. It has been suggested to me that the more certain rainfall in the part of the district referred to is ascribable to its position with reference to the Mhadeo Hills in the Sattara Collectorate. The rain-clouds, gathering round their summit in the monsoon, pass off into the plain in a south-westerly direction, which brings them over this corner of the Indápur district whilst, on the other hand, the Kallas part of it lies too far west to come within the bearing of the south-west wind blowing over these hills. This doubtless is one of the reasons to which this change may be ascribed, but the whole valley bordering on the Bheema river seems to get more late as well as more early rain than the villages near Kailas alluded to above. I may not have indicated the real cause of this difference in the rainfall, but that a difference does exist is beyond doubt, and I consider that it forms good grounds for fixing a lower rate for this part of the district.



161. There are 13 villages thus circumstanced for which I propose a maximum rate of 14 annas only, whilst for the rest of the district my rate is a rupee. Owing, however, to the advantage which the cultivators of Indápur derive from their own market town, I propose an addition of 2 annas to the rate of that village, which consequently will be Rs. 1-2-0.

162. But besides the regular Jerayet or dry crop cultivation for which the above mentioned rates have been fixed, there is a small extent of land immediately on the banks of the Bheema river which is annually flooded by the flushes of the river during monsoon season. This flooding has a very fertilizing effect, and moreover renders the cultivation of this tract certain and independent of the regular rainfall. Hitherto in the Deccan districts we have made the rates of this land 4 annas in the rupee, or 25 per cent higher than the Jerayet rate of the village. Experience has satisfied me that this is relatively a much lower rate than it should bear. I propose, therefore, to make an addition of 50 per cent to my Jerayet rate in the present case; that is to say, to make Rs. 1-8-0 the maximum for this flooded land. Even this is below the mark; but I think it politic to let the cultivators have this land at favourable rates, for it forms a small reserve which helps to feed their resources when the crops upon the ordinary Jerayet land fail.

163. I am unable to show the exact amount of the new assessment according to my proposed rates, as owing to the classification of the district having only just been completed, there has not been time to calculate the assessment for each village in the regular way. But the following statement, compiled from the detailed returns, gives an abstract of the approximate result which has been worked out from the rough classification papers:-

	Cultivated Land.	Waste Land.	Total.
Assessment according to proposed rates	124,506	194	124,700
Assessment according to present rates	*81,184	207	81,391
	43,322	13	43,309

\* The collection last year amounted to Rs, 83,502, but this includes Re. 2,318 realised from sundry sources, independent of the irregular assessment, and our comparative statement is confined to the latter account.

According to this statement the new rates will make an addition of 57 per cent to the present assessment of the district. But with this addition the average rate upon the whole culturable area will still be only 7 annas 8 pies per acre.

160. The rate of increase varies considerably in individual villages. In one case it amounts to 150, in several it is about 100, and in some it is only 17 and 18 per cent. Amongst the rupee class villages it ranges generally from 50 to 100 per cent. The village of Nimbgaum Ketgi, near Indápur, shows one of the smallest increases. This is owing to its having a considerable extent of well-garden land, bearing a special rate for which there is no corresponding entry in the new assessment, as no special rate (as will be shown presently) will be placed upon wells in future.

165. In the 14-anna rate villages the increase varies generally from 25 to 50 per cent. There are one or two places where it is less, and one or two cases where it is more than the above-mentioned rate. This variation in undivided villages is attributable to the difference between the new and the former survey, and the difference also between the two standards of classification. There can be no doubt of the fairness of charging for land when proved by actual survey to be either in excess of former recorded area, or to have been undervalued originally.

166. With regard to the recent classification, I should here explain that great care has been taken to keep down the valuation of the lower orders of soil. A lower scale of values has been adopted specially for them, and this will have the effect of making them lower upon the rupee than under the former 11 anna scale. During the course of my inquiries about the present rates on different soils, I was frequently asked what I intended doing with the poor burruuds; for although the cultivators about Indápur seem to be prepared to expect at general increase of about 50 per cent, the prevailing opinion appeared to be that none of this increase should fall upon the poor soils, and such will be the effect of our recent classification operations.

167. There has for some time been a general impression abroad that our survey rates in many of the early settled districts have been pitched proportionately higher on the poor than on the good soils; and experience has led me to think that there are grounds for supposing this to have been the case to some extent. I have borne this in mind in revising the rates of the district, and am satisfied that no complaints of the kind will be tenable against the classification operations as carried out in Indápur.

*Extract from Sir G. Wingate's Note on the Revision of Assessment in the Indápur Taluka, 1867.*

3. The review of the benefits resulting from the new settlement, contained in the 77th and following paragraphs up to the 107th paragraph of the report, is cautious and discriminative, and calculated to give confidence in the perfect safety of the proposals for an increase of the assessment, which Colonel Francis proceeds to found upon a consideration of these benefits. It would, however, have added to the interest of his report, and

to our confidence in his conclusions, had the statistical information regarding the present condition of the district been more ample. It would be interesting, for instance, to know what proportion of the population is dependent upon agriculture, and what upon trade and manufactures; what is the average size of the holdings of the cultivators; what are their modes of husbandry, and is the land generally well cultivated; what proportion of the land nominally in cultivation is kept untilled for the purpose of affording grazing for the cattle, though subject to the full assessment; what are the ordinary corn and money rents received by the non-cultivating occupiers from their subtenants; how does the ryot dispose of his produce; does he sell it chiefly at the local or distant markets, or is it handed over to the village banker in satisfaction of previous advances; what are the castes and religions of the people, and what the numbers of each denomination; what is the state of education, and the number and castes of the scholars; what is the state of crime and civil litigation in the district; what is the condition of the cross roads of the district, and are they generally available for cart traffic, or otherwise. A statistical report for each district brought under re-settlement, comprising these and any other interesting items\* of information, accompanied with a map indicating the positions and grouping of the general villages of the district for purposes of re-assessment, and showing the course of the nearest great highways and railways, would be an invaluable aid in forming a judgment as to the proper rates of assessment, and form a most important record by which the future progress of the district could be correctly estimated. The information required might be obtained from the Revenue, Judicial, and Educational Departments when not capable of

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\* Amended returns exhibiting the information here alluded to are being prepared. See Survey Commissioner's letter No. 828, dated 7th October 1867, containing explanation on this point, and also regarding the causes of their not having been submitted with original report.

collection by the survey establishments, and for this the assembly of the various survey and other departments at Poona during the monsoon months affords facilities which did not exist when the head quarters of the Survey Departments were scattered over the country.

\* \* \* \* \*

10. Colonel Francis explains in the 141st and following paragraphs of his report his recommendations for the revision of the Indápur rates of assessment, which he chiefly, and very properly in my opinion, bases upon the alterations that have take[n] place in the prices of agricultural produce during the last 30 years. He gives a table of these prices in the 146th paragraph of his report, which he divides into three equal decennial periods, showing the average price of jowaree, the staple product of the district, to have been  $56\frac{1}{2}$  seers per rupee for the first,  $45\frac{3}{4}$  for the second, and  $26\frac{1}{2}$  for the third, and he concludes that the assessment at the close of the first decennial period was not light when gauged by the prices of that period, and that the cultivators were not in a position to pay a higher assessment. He infers, therefore, that it was not till "towards the end of the second decennial period the cultivators had acquired that amount of capital and that well-to-do position which we would assign to them as the increase of profit to be left after payment of the Government assessment." And he concludes that this average of 42 seers per rupee should be taken as the index or starting-point for estimating the increase which may be made to the present assessment in consequence of the further rise of prices which took place in the last 10 years of the settlement, and which he shows in the 156th paragraph to have been between 50 and 60 per cent, for which he proposes to provide by fixing the future maximum rate at 1 rupee per acre, which will raise by 53 per cent the present assessment of the district. The increase here

proposed seems to me to represent very accurately what is due to the altered circumstances of the district, without taking into account the extraordinary rise in prices during the last five years, due to the American war, and which Colonel Francis, in the 149th paragraph, himself considers to be exceptional. But, while agreeing in the accuracy of his general conclusion, I am unable to assent to the theoretical reasoning by which he supports it, for this requires us to admit that the rates of assessment during the first period of 10 years were too high, which is contradicted by the marked extension of cultivation and amelioration in the condition of the cultivator which took place during that period. There can be no doubt whatever that during that period the district made considerable progress, but as prices did not rise there was nothing to call for an increase of assessment, though there was sufficient improvement in the condition of the district to show that the original survey assessment had not been pitched too high. During the latter half of the second decennial period, and during the whole of the third, the wealth of the cultivators increased of course more and more rapidly under the influence of the ever rising prices, and this affords valid reasons for increasing the rates of assessment. The true inference appears to be that the original rates were suitable, and we should regard the prices of the time when they were settled as the index or point of departure by which to regulate the increase to be now made, instead of the latter years of the 2nd period, as assumed in the argument of Colonel Francis. If the table of prices be attentively examined without reference to equal decennial periods, it will be found capable of subdivision into three well-marked periods. The first is a period of low stationary prices without any more marked oscillations than may be fairly ascribable to seasons of comparative abundance or scarcity. This period embraces the 14 years from 1836-37 to 1849-50, when the average price of jowaree was 54 seers per rupee, or almost the same that was obtained at the introduction of the settlement, the average price

for the five years preceding that event having been  $53\frac{1}{2}$  seers. The second period is of 11 years, from 1850-51 to 1860-61, and is one of advancing prices, due probably to the increasing wealth of India arising from the introduction of English capital for the construction of the railways and for suppression of the mutinies, as well as from improvements effected in the internal communications of the country. The average price of jowaree during the whole 11 years of this period was 39 seers, and for the last five years of it 35 seers per rupee. The 3rd period extends over the last five years of Colonel Francis' table, from 1861-62 to 1865-66, during which prices received another extraordinary advance, due to the increased demand for cotton, arising out of the circumstances connected with the American war. The average price of jowaree for these five years was 18 seers per rupee.

11. The last period is of so entirely exceptional a character, and the prices then obtaining are so clearly due to temporary causes, that it would be most unsafe to take them into account in the formation of a basis for a revision of the rates of assessment intended to last for another term of 30 years. The price of cotton, upon which the prices of jowaree and other agricultural products in a great degree depend, has already fallen considerably since Colonel Francis' report was written, and is likely to fall much further. This has already affected the exchanges, and will materially diminish the amount of bullion to be received by India in the present year. This effect, it may be anticipated, will be experienced to a greater extent in future years until prices recover their normal condition, which it would not, I think, be safe to estimate at a higher figure than those obtained during the last five years of the second of the above periods, when jowaree was sold at 35 seers per rupee.

12. The average price of the preceding period being 54 seers, the former indicates a rise of price equivalent to 54 per cent, which is the amount of increase upon the present rates of assessment that may fairly be imposed on taking into account the rise that has taken place in prices since the former settlement was made. This is as nearly as possible the amount of increase which the rates proposed by Colonel Francis will effect, as he states in his 158th paragraph that the increase will be 53 per cent. If there were a prospect amounting to anything like a certainty of the high prices of the American war period continuing, then a very much greater increase than this would be justifiable. The prices of the last five years are 200 per cent above those that obtained when the original rates of assessment for Indápur were introduced, so that these might be trebled without danger to the prosperity of the district if the American war prices were to continue through the next 30 years; but, as I have said, we have no warrant for concluding that this will be the case, or that prices will certainly range above those immediately preceding the outbreak of the war. It may be that the developing trade and improving condition of the communications of the country will cause prices to rise still further; but, on the other hand, we have to take into account the lowering influence of the heavy tribute India will have to pay to England for the future in the shape of Home Government charges, and interest of capital provided for her railways and other public works. A very large export trade will be necessary to provide this, and if at any time the demand for Indian commodities should fall off to an extent that would make it needful to transmit bullion to England to meet these charges, prices in India would rapidly fall. Prices in India may then be said to be dependent on the capability of its export trade to pay for, not its imports alone, but also the home charges and the interest of borrowed capital, in addition to the annual supply of the precious metals consumed by India in manufactures and coinage. This is a critical state of affairs, and is likely to render prices of agricultural produce

unstable. It would not, then, be safe to adopt a high standard of prices in revising the survey settlements, and would be every way better to make the new settlements as liberal as the exigencies of the State will permit. Colonel Francis' proposals fully meet these conditions, and though it might be urged that they are needlessly liberal - as, independently of the American war, prices would have gone on advancing - still we cannot be certain of this, and an error on the side of liberality is a safe one, as it must be promotive of the prosperity of the district.

*Extract from Letter of the Revenue Commissioner, S.D., submitting the Revision Report to Government, dated May 1867.*

19. According to the statement embodied in paragraph 163, the amount of the proposed re-assessment exceeds the present assessment by Rs. 43,309, an addition of 57 per cent on the present assessment of the taluka. Still with this addition the average rate upon the whole culturable area will be only 7 annas 6 pies per acre.

20. This is moderate enough, it must be allowed, at an average rate, but I do not consider it the least too low for Indápur. With reference to existing prices, and probability, if not certainty, of their continuing as high as they are now for years, improved communications, new markets, and such like considerations, if the Indápur Taluka had an average rainfall which could be depended upon, be it more or be it less, the proposed rates might be pronounced too low for a 30 years' settlement; but it must not be overlooked, when considering the question of rates, that Indápur is one of the most unfavourably circumstanced of any of the talukas in the Deccan or Southern Maratha Country as regards its rainfall. In some parts of the taluka rain appears never to fall seasonably, and it is generally, when seasonable, scanty and precarious. Year after year lands are left unsown for want of moisture, and those that are sown produce next to nothing;

failures of crops, more or less general and extensive, appear to be the rule, and a good, or even a fair, average harvest the exception.

21. Taking the above *facts* into consideration, and weighing them against the other considerations, the balance is, I submit, greatly in favour of very low rates of assessment. I might go further and say the lowest that can be fixed without unnecessarily sacrificing revenue—if it is intended that the revenue should be realised according to the assessment—as far as I am in a position to judge. I have no hesitation in offering it as my opinion that higher rates could not safely be proposed, and I would therefore respectfully recommend that Lieutenant-Colonel Francis' proposals be sanctioned.

*Extract from Resolution of Government on the Revision of Indápur, No. 1211, dated 27th March 1868.*

13. The very elaborate details by which Colonel Francis has supported his propositions for the revision of the rates leave no doubt but that he has exercised a very wise discretion in not increasing the assessment further, as he might have done had he been guided solely by the recent prices of produce.

14. An increase of upwards of 50 per cent is not slight, but it is fully justified by the difference in the circumstances of the district, the increased facilities of communication, and the rise in prices, even taking the average prices much lower than those ruling in the last five years.

15. The Governor in Council therefore confirms the proposed rates for 30 years, and approves, subject to the above remarks, all Colonel Francis' proposals now submitted in these reports.

*Extract from the Report on the Revision of  
Assessment of the Bhimthari Taluka,  
dated 12th July 1871.*

*Lieutenant Nash's description of the district.*

11. Lieutenant Nash, writing in 1838-39, thus describes the condition of the people:- "I am at a loss to convey the idea of poverty and ruin which I have perceived during my few months' residence here. The effects of pillage, plague, and famine are visible in the falling out of cultivation of more than half the pergunna, in the ruin of the villages, in the accumulation of balances, and in the constant necessity for remissions". The almost total absence of remission for the last 16 years (one year being excepted, regarding which I shall remark presently), the fact of there being no outstanding balances, that there is scarcely an acre of land that has not been taken up, the saleable value of land—all these form a contrast so striking to the picture drawn by Lieutenant Nash that it is difficult to realise that such a state of affairs actually did exist! By reference, however, to the diagram we shall see that the change has been brought about by degrees, though as far as can be judged by the increase in cultivation and return of revenue, the culminating point of prosperity was almost reached as far back as 1860-61, when the collections were Rs. 74,084, there being a remission of Rs. 1 only.

*Extract from the, Letter of the Survey and  
Settlement Commissioner submitting the  
Revision Report of Bhimthari, dated  
28th November 1871.*

*1st decade of settlement.*

20. Turning now to the diagram, I find that in the first year of the settlement the cultivated area was, in round numbers, 123,000 acres, the waste 43,000, or about 1/4th. The assessment was Rs. 53,007, of which Rs. 1,596 were remitted, and Rs. 51,471 collected. No great change took place for

the next three years; but in the two following years, 1844-45 and 1845-46, heavy remissions were allowed, being no less than Rs. 22,935 in 1844-45, and Rs. 31,345 in 1845-46, the collections in the latter year being only Rs. 17,724. During the remaining four years of the first decade, the collections were steady at about Rs. 50,000, and the remissions small; the average collections during the first ten years were Rs. 43,407.

*2nd decade.*

21. The second decade commenced with a year marked by the large remission of Rs. 18,632, or 29 per cent of the revenue; the same year in Indápur the remissions were only  $3\frac{1}{2}$  per cent.

From this time things began to mend, and cultivation and revenue continued steadily to rise from 96,000 in 1850-51 to 164,000 acres in 1859-60 and a revenue of Rs 73,650, the remissions having averaged during the last six years only Rs. 16! The average collections were Rs. 57,850, or an increase of 33 per cent on those of the first ten years.

*3rd decade.*

22. For the last ten years almost the whole of the cultivable land has been taken up, and there may be said to have been no remissions, except in one year, 1866-67, when the large sum of Rs. 20,728 appears to have been foregone. The remarks of the Survey Commissioner on the Revenue Returns of Indápur apply so exactly to the corresponding year's returns in this district (with the exception of the year 1850-51), that they might have been intended for them, and had the settlement of the villages on which I am now reporting fallen in at the same time as that of Indápur, I might have shown that out of a revenue of Rs. 7,46,659 only Rs. 43 had not been collected. The average collections for these ten years were

Rs. 72,588, or an increase of 25 per cent on those of the 2nd decade, and of 67 per cent on those of the 1st decade.

*Remissions in 1866-67.*

23. With regard to the remissions in 1866-67, I cannot think that such general remissions should be given under any circumstances short of an actual famine, but at the most, that the collection of the revenue should be deferred. Unlike the remissions granted in 1844-45 and 1845-46, which were attended by a heavy fall in the cultivation (caused, as explained by Colonel Francis in paragraph 70 of his Indápur Report by the ryots having taken up more land than they could cultivate, being succeeded by a bad season), those granted in 1866-67 had been preceded by twelve years in which scarcely a rupee of the revenue had remained uncollected (although many of them had been bad years), and no lands were thrown up, as happened in the former case. Under the circumstances, I consider that so large a remission, was unnecessary; and the fact of its having been allowed should not unduly influence us in fixing the new rates of assessment.

*Prices of grain.*

24. On making inquiry as to the prices of grain during the term of the present settlement, I found that no record of them is kept in the Mamlutdar's office. I have, however, had a careful inquiry made, and by the assistance of the village Wanees, accounts have compiled a statement showing the average prices of jowari and bajri at Yewat for the last 30 years. I at the same time obtained a similar return for the City of Poona, and on comparing the statements (which were prepared quite independently) I find that they agree in a manner that convinces me of their general accuracy and reliability as a guide in forming an opinion on the subject of the new rates. It is, however, most desirable that regular returns of

the price of grain, &c. should be carefully kept in every District Officer's cutcherry, and the same published monthly in the "Government Gazette."

*1st decade.*

25. You will see from Statement C that during the first four years of the present settlement prices varied from 64 to  $47\frac{1}{2}$  seers per rupee of jowari, and 48 to  $34\frac{1}{2}$  of bajri. In the year 1845 they rose to 25 and 23 seers, respectively, and the next to  $15\frac{1}{2}$  and 15. For the next three years they fell (in nearly the same proportion as in Indápur), to 64 and 52, and in 1850-51, the last year of the 1st decade, they rose to 36 and  $37\frac{1}{2}$ . The average rate during the ten years was  $45\frac{1}{2}$  and  $36\frac{1}{2}$  seers per rupee

*2nd decade.*

26. In 1851-52 prices were still maintained, but fell again in the next two years (though not to the same extent as in 1849-50). They then rose to 26 and 21 seers in 1858-59, and in the two concluding years of this decade fell to 40 and  $32\frac{1}{2}$ ,

and  $36\frac{1}{2}$  and 28 in 1860-61. The average rate was 36 and 29, or an increase of 26 and 29 per cent, respectively on that of the first decade.

*3rd decade.*

27. The last decade commenced with 30 and  $23\frac{1}{2}$  seers of jowari and bajri per rupee, but prices rapidly rose (as in other districts) during the next four years. During the closing five years of the lease, they fluctuated in the alternate years, though never falling below  $32\frac{1}{2}$  and  $29\frac{1}{2}$  in 1868-69, and closed at 18 and 15. The average

rates for this period, jowari  $19\frac{1}{2}$ , bajri 15 seers.

This shows an increase of 133 and 143 per cent on the prices of the 1st decade, and of 85 and 93 per cent on those of the 2nd decade.

28. Government, in their Resolution No. 2757, of 9th June last, on the introduction of rates into the Mareh Taluka, consider that the average to be deduced from the prices of the five years from 1856-57 to 1860-61 is perhaps the fairest criterion that can be adopted for the determination of the average standard of prices which is likely to be maintained in future. Since, however, during this period the effect of the extension of the railway through the district had not been developed, the knowledge of which is so essential to guide us in forming an opinion as to probable prices in the future, I would, with all deference, suggest that the average of the ten years from 1856-57 to 1860-61 and from 1866-67 to 1870-71 should be adopted as the standard by which to determine the question under consideration. This average is 26 seers of jowari and 20 of bajri. The average rates of the 15 years from 1841-42 to 1855-56 were - jowari 44, and bajri  $34\frac{1}{2}$  seers per rupee. The 10 years' average, then, is higher than that of the 15 years by 68 and 72 per cent.

#### *Villages east of Patus.*

29. From the remarks contained in my 2nd paragraph, it will be seen that the villages to the east of Patus (beyond being nearer to Poona) resemble those of Indápur, and are similarly circumstanced. The present rates of the Kurkumb villages (chiefly on account of their nearer proximity to Poona) were fixed at 10 per cent in excess of those of Indápur. Inasmuch, then, as both districts have benefited about equally (those under report, if anything, rather more) with regard to means of communication, a similar increase to that which was sanctioned in Indápur will be suitable for these villages. That increase was

between 50 and 60 per cent, and a maximum rate of Rs. 1-4-0 for 16 villages, and of Rs. 1-2-0 for 9 others, will give the required result.

#### *Villages west of Patus.*

30. But with regard to the remaining villages I consider that a larger increase is requisite, partly on account of the undoubted advantage in point of climate, which they enjoy, and partly on account of their proximity to Poona. At the last settlement the rates in Pimpalgaon were fixed at 33 per cent higher than in Indápur; but I do not consider that this fairly represents the difference between the circumstances of a district like Indápur, the nearest point of which is 70 miles from Poona, whilst the more distant villages are over 100 miles away, with a scanty and precarious rainfall, and one the most distant villages of which are not more than 40 miles from that great market, and the nearest less than 20, and in which the rainfall is generally, sufficient to ensure a fair crop. I consider that an increase of 50, per cent on the maximum Indápur rates in villages from 40 to 25 miles from Poona, and of 75 per cent on those within that distance, to be a suitable rate. This will give a maximum of Rs. 1-8-0 on 22 villages, and of Rs. 1-12-0 on the remaining 7.

31. There are in all 54 villages, which, as above described, I propose to divide into four classes:-

Class I.,	7 villages	Rs. 1	12	0
Class II.,	22 villages	Rs. 1	8	0
Class III.,	16 villages	Rs. 1	4	0
Class IV.,	9 villages	Rs. 1	2	0

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32. The accompanying map will show the grouping of these villages, and the distribution of the proposed rates. You will see from the following statement the effect of these rates as compared with present payments in the 48 villages to which the diagram relates. The effect of the survey rates on the remaining villages will be seen from the contrasted statement appended to this Report:-



**Statement Showing the effect of the proposed rates Contrasted with the last year's payments in 48 villages of the Bhimthari Taluka.**

	Cultivated Land.		Waste Land.		Total.	
	Acres.	Assess- ment. (Rs.)	Acres.	Assess- ment. (Rs.)	Acres.	Assess- ment. (Rs.)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Assessment According to Proposed Rates	186776	128971	2019	871	188795	129842
Assessment According to Present Rates	164618	74222	1884	*644	166502	74866
Increase	22158	54749	135	227	22293	54976

\* This does not include the amount realised on account of kooruns which are sold yearly by auction.

**Statement Showing the Average Prices of Jowari and Bajri in Poona (City) and Yewat, from 1841-42 to 1870-71.**

Years.	Yewat.		Poona.		Years.	Yewat.		Poona.		Years.	Yewat.		Poona.	
	Jowari	Bajri.	Jowari	Bajri.		Jowari	Bajri.	Jowari	Bajri.		Jowari	Bajri.	Jowari	Bajri.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
1841-42	47 $\frac{1}{2}$	36	30	24	1851-52	36	25 $\frac{1}{2}$	33	25	1861-62	30	23 $\frac{1}{2}$	26	19
1842-43	55	34 $\frac{1}{2}$	32	28	1852-53	37	29	37	29	1862-63	21	18	20	15
1843-44	64	48	30	30	1853-54	57	44 $\frac{1}{2}$	42	36	1863-64	15 $\frac{1}{2}$	10	11	9
1844-45	50	38	27	23	1854-55	27 $\frac{1}{2}$	23	25	22	1864-65	11	10 $\frac{1}{2}$	12	10
1845-46	25	23	21	18	1855-56	40	31	28	25	1865-66	16	12	13	11
1846-47	15 $\frac{1}{2}$	15	16	14	1856-57	26	24	25	21	1866-67	22	19 $\frac{1}{2}$	18	16
1847-48	37	30	31	27	1857-58	33	26	26	23	1867-68	14	12	13	11
1848-49	63 $\frac{1}{2}$	52 $\frac{1}{2}$	55	41	1858-59	26	21	27	23	1868-69	32 $\frac{1}{2}$	19 $\frac{1}{2}$	23	16
1849-50	64	52	47	37	1859-60	40	32 $\frac{1}{2}$	34	25	1869-70	15	13 $\frac{1}{2}$	16	13
1850-51	36	37 $\frac{1}{2}$	30	25	1860-61	36 $\frac{1}{2}$	28	26	21	1870-71	18	15	17	14
10 years' average	45 $\frac{1}{2}$	35 $\frac{1}{2}$	32 $\frac{3}{4}$	26 $\frac{3}{4}$	10 years' average	35 $\frac{3}{4}$	28 $\frac{3}{4}$	30	25	10 years average	19 $\frac{1}{2}$	15	17	13 $\frac{1}{2}$

22. In discussing the question as to what standard of prices should be taken as the basis of the new assessment, the superintendent refers to the remarks of Government upon the revision settlement of the Mareh Taluka, stating that he is of opinion that the average deduced from the prices of five years from 1856-57 to 1860-61, which Government consider should be adopted as the standard in the case of that district, is not applicable to Bhimthari, because "the effect of the extension of the railway through the district had not been developed, the knowledge of which is so essential to guide us in forming an opinion as to probable prices in future". He proposes, therefore, instead of the five years indicated, to take an average of 10 years, from 1856-57 to 1860-61, and from 1866-67 to 1870-71, as his standard of prices on which the new assessment should be based. And he then shows, taking jowari at 26 and bajri at 20 seers the rupee, that this scale of prices gives an increase of 68 and 72 per cent., respectively on the average price of the first 15 years of the lease.

23. I agree with the Superintendent that we ought to consider the effect that the railway has had upon prices of late years, and I certainly think that he is quite safe in taking 26 for jowari and 20 seers for bajri as the standard for his assessment. It will probably be some years before we shall see bajri and jowari selling at these rates in a district extending to within 20 miles of Poona. The stocks of grain are everywhere low. The present has unfortunately been a bad season in many parts of the Deccan, and grain will have to be imported into some districts to furnish the ordinary food supply. A succession of several good seasons will be required to replace the stock ordinarily kept in the country; and when we consider that the population is steadily increasing in the Deccan, - 39 per cent having been added to it in this district in 30 years - and that there can be no corresponding increase of produce by the spread of cultivation, as every acre of arable land has for

some years been under tillage, we may safely calculate on the continuance of a high range of prices.

24. The amount of increase to be imposed is, after all, a matter to be regulated not by actual calculation of results only, but by considerations of State policy. Supposing, for instance, that our deductions from the data taken for estimating the range of future prices had shown an increase of 130 to 140 per cent to be the difference resulting from this mode of calculation, - and such would be the case were the comparison made on the difference between the prices of the first and last decade to be taken, - I certainly should not have thought of proposing an assessment equivalent to this scale of increase. It would be far too great a strain upon the resources of any of our districts to levy at once an increased demand of 130 per cent upon the former revenue. There will be cases of individual villages in which the assessment may be raised to this extent, under the scale of rates that we propose to adopt, but this is the result of the low valuation adopted at the first settlement, and the increase is only what is required to place such villages on a par with the other villages of the district.

25. There are remarkable instances of this kind of inequality in the cases cited by the superintendent in paragraph 34. In one village the assessment will be raised 120 per cent, and in another only 16. It so happened that I was out with the late Acting Superintendent (Mr. Grant) in the field when examining the classification of the village of Khutbhaweh, in which this 16 per cent increase occurs, and I was forcibly struck with the comparatively high standard of rates adopted at the first settlement, which was from 30 to 40 per cent in excess of that obtaining generally in the district. This great difference led to a reference to the former classification papers, and we there found a remark in English by Lieutenant Nash to the effect that the work was not correctly done, but that he thought it better to leave it, as the

upsetting of it would tend to disturb confidence in the survey operations. The result is that for 30 years this village has been 'paying an assessment of above 30 per cent in excess of the ordinary rate for similar soils in adjoining villages.

26. And this disparity of rating is not confined to villages, but will be found to extend to whole districts, owing to a want of uniformity of system in the original classification. I may mention here that the reason for the increase (78 per cent) in the Madeh Taluka being greater than that adopted in Indápur (58 per cent) is due entirely to the observance of a lower scale of valuation in the classification of the lands of the former district as compared with that followed in Indápur. This circumstance was not mentioned by the Acting Superintendent in his report, which is to be regretted, as it would have served to remove the misgivings felt by Government and the Revenue Commissioners as to the expediency of applying an increase to the district in question apparently so much in excess of the scale sanctioned for Indápur.

27. I may here explain that this disparity in the classification of different districts in the early settled collectorates is due chiefly to the plan then in force of entrusting both the measurement and classification to the same assistant, instead of having, as in the present organisation, a separate department for each branch of the survey operations, which ensures a general uniformity. Whatever increase is due to this irregularity forms a separate item of addition, as it were, being extra to the general scale of increase adopted for the district; and for the same reason, where over-valuation is met with, as in Khutbhaweh, the village or district, as it may be, must have the benefit of it in the general adjustment of rates at the revision settlement.

28. What I am anxious to explain by the foregoing remarks is, that instead of endeavouring to work out in each district the precise amount

of increase which should be made in consideration of the rise in prices, it will, I think, be better, considering the difficulty of procuring accurate data of the kind, to take from 50 to 60 per cent as the general scale of increase for the Deccan districts on this account, subject to such special increase or decrease as may be found necessary in consequence of a high or low scale of classification having been originally adopted. It must not be understood from this that I recommend the discontinuance of the plan of giving returns of prices and showing their effect, but that I advocate a limit of 50 to 60 per cent as the extent to which we should be guided by considerations of the kind. If a rise to that extent has not taken place, a scale of increase below the limit would of course be imposed.

29. Irrigated cultivation under wells is to be left untaxed, the land being subject only to the payment of the highest Jerayet rate; but in cases of wells constructed or repaired during the currency of the lease, the ordinary Jerayet rate according to the quality of the soil, and not the maximum, as in the former case, will alone be imposed. This is in accordance with the principle approved of and sanctioned for the Mareh Taluka. The superintendent has been called upon to submit a return showing the area and assessment of well cultivation under the existing settlement, as also of the area found to be under this irrigation at the recent survey. This return will be forwarded hereafter.

*Extract from Memorandum of Revenue Commissioner, S.D., on the Revision Report of Bhimthari, dated 3rd January 1872.*

3. The views expressed in Colonel Francis' 24th paragraph the undersigned considers particularly deserving of attention. It would be a most unsafe doctrine to announce and apply in practice that because the staple agricultural produce had increased by a certain percentage, the assessment would bear an increase by the same percentage.

That an increase, if thereby rendered admissible, is desirable, is doubtless established, but the measure of increase should be regulated by a number of considerations to which the experienced Survey officers address themselves. At the same time Colonel Francis (paragraph 8) fully recognises the necessity of furnishing ample information regarding prices in districts under re-assessment, which is one of the most effectual guides, though not the only one, for testing the capacity of a district for taxation for land revenue. Government may therefore look to the subject always receiving the due attention enjoined by Government orders in the settlement proceedings in progress and shortly to be undertaken.

\* \* \* \* \*

5. Adverting to paragraph 20 of Colonel Francis' memorandum, and paragraph 33 of the Report of the Superintendent, the undersigned cannot altogether endorse the reduction of percentage enhancement claimed on account of the 22,293 acres held in excess of recorded area. Confined to the question of survey nominal rates, the conclusion is, of course, correct, but in an extended view of the operation of the re-assessment on the whole area concerned, it would appear that the resources of the district in currency and capital receive no augmentation from the new cultivation being brought to account, and that, as regards this part of the question, the same resources only which were available to meet the 100 rupees per cent of the 30th year of the guaranteed period will be available to meet the 173 per cent of subsequent years. The general capital of the district may indeed have benefited by the proportion of under-assessment intermediately enjoyed, but this has been separately taken into consideration in the statistical records furnished. It should also be noted that a further enhancement of about 10 per cent on the former assessment is derived from the local cess of 6 25 per centum and the proportionate percentage on

the increment of taxation imposed. That proportionate percentage will add 4 per cent to the figures already quoted.

6. The undersigned would also deprecate too wide an application of the results of purchases and mortgages of land adduced in Colonel Waddington's 12th paragraph. They afford a most gratifying evidence of the value acquired by land under survey tenure in a number of cases, and of the complete success of the measures of our Government in creating rights in land which are, in their extended influence, valuable to the State as well as to the individuals concerned; but it would be very unsafe to assume that land of all quality, and in every locality of the area under review, would command a sale-value of anything like 27 times the old assessment. The subject is one of great interest and importance, and will no doubt receive the attentive consideration of Revenue and Survey officers during the operation of the new leases. It appears probable that, in exceptionally favourable positions, where the profits are, from various causes, inordinately large, the enhancement of assessment will not very materially affect the profits on the transactions entered into under the former assessment, and it is possible that Colonel Francis' anticipations regarding the purchase-value of land in Indápur and Bhimthari may be fulfilled, but there is yet one contingency in connexion with the proposed re-assessment for which the peculiar climate of that part of the Deccan demands careful consideration.

7. The comparative statements furnished by the Survey officers show that at least during the later years of the period of 30 years' guarantee, notwithstanding the scarcity of the rainfall in Bhimthari; the district was so prosperous that hardly any remissions were required, except in the very bad season of 1866-67, when upwards of 25 per cent of the revenue of the 48 villages included in the diagram and statements was remitted. Colonel Waddington raises doubts

whether it would not have been better to allow the revenue to stand over as balance, to be recovered in the succeeding year. The under signed had no personal connexion with the district at the time, but he shares the conviction expressed by the Collector of Poona, and, "is not prepared to hold that there was no necessity for the remissions of 1866-67, which were sanctioned by Government after full consideration." The season was an extraordinarily unfavourable one, and the exceptional circumstances doubtless required exceptional treatment.

8. But it would be probably admitted, even by an officer who, seeing the very light incidence of the taxes generally, advocates an outstanding balance of one year being levied in the next, that this operation is, even with a very light assessment, only practicable when the next season shall be a good one, and that the measure of indenting on the harvest of next season would be one of very doubtful humanity and justice, after the assessment, under which the district has advanced from the lowest state of poverty and agricultural depression to the solid prosperity established in these papers, has been raised about 75 per cent.

9. From the above remarks it will be perceived that the undersigned is by no means convinced the new assessment, giving an average of 11 annas per acre, can be regarded as a light one in the point of view from which Survey settlements have been hitherto regarded in Bombay. It is not intended to dispute the conclusion in paragraph 37 of Colonel Francis' memorandum, that the rates will generally, in a district so near the Poona market and the railways as Bhimthari, leave a liberal profit to the cultivators in ordinary years, or that there will be any want of keenness to obtain possession of land offering special advantages, but the undersigned thinks all the authorities concerned in advocating the new rates must be prepared to anticipate, difficulty about collection in a season of failure, and to find the occupancy of the land not always the ample security it has proved of late years,

under the low rates in force, for recovery of an instalment in arrears. These remarks in no way impugn the justness of the assessment. As will be seen from paragraph 20 of Colonel Waddington's report, even with the former low assessment, large remissions were necessitated in the first few year of the 30 years' period when the seasons were bad. The extreme severity of the drought in years of scanty rainfall will always necessitate concession of this kind in the Deccan in a really bad year, and the recent general prosperity of the district, though it may fully justify the enhancement of the assessment now proposed, should be forbearingly treated, and should be carefully protected against such a violent strain on its progressive vitality as the retention of a last year's balance of irrecoverable revenue on a large scale would assuredly impose.

10. There is no point of more essential importance in our revenue system, as established under the survey, than to withhold so severe a pressure as should compel even a small number of occupants to relinquish their holdings without other persons coming forward to pay more than the Government balance due. The readiness with which anything like default has been compensated by the biddings of outside purchasers of late years has been remarkable. If once the popular sentiment which has in this manner sprung up received a check by forced sales for arrears without purchasers, a reaction and depression would certainly follow, the mischievous effects of which it would be difficult to calculate. The Revenue Commissioner would therefore emphatically lay before Government his objection to the notion, which appears to be growing in favour of the Survey officers, that when a Deccan district has been re-assessed with considerable enhancement of rates, the revenue found irrecoverable in a year so bad as to necessitate remissions should be held as an outstanding balance to be recovered hereafter. He would strongly urge that, as sanctioned in Indápur in

1868-69, the remission should, at least until some experience has been gained of the effect of the revision, be absolute and final.

11. Passing to the 29th paragraph of Colonel Francis' report, the Revenue Commissioner finds great pleasure in inviting attention to the application in the villages under report of the rules for assessing only at the Jerayet rate calculated according to the quality of the soil, the area under all wells which have been constructed or restored during the currency of the lease. If any new illustration were required of the enormous benefit to the Deccan villages derivable from the encouragement of sinking wells, it would be seen at every mile of the Revenue Commissioner's tour through the drought-stricken talukas of Ahmednagar during the past few weeks. It has often happened that the only vestige of crops over miles of good soil, ordinarily at this season covered with a fine growth of jowari, wheat, and gram, is derived from well cultivation, the remaining lands not being even sown. Where also a scanty growth is visible in better localities, the stunted stalk and withering ear are here and there, to a few acres in extent, turned into a growth which will enrich the Patel or fortunate cultivator who can command a few floodings of water from his well. Unfortunately in the Deccan the benefits of well cultivation will always be limited, because of the uncertainty of finding water, and, because in years of deficient rainfall, when the well is often liable to partial failure, the irrigation so desperately needed can only be at that time imperfectly supplied; but still, as an inexpensive mode of securing to a certain extent the population and the cattle from starvation in a bad season, encouragement to well-sinking by the beneficent orders recently issued by Government in Resolution No. 4,050, dated 22nd August 1871, which appear to have been cordially carried out by Colonel Francis in the area under review will be regarded with hopeful gratitude by the people.

*Extract from Resolution of Government  
No. 385, dated 26th January 1872.*

**RESOLUTION** - These papers show that the revision of the assessment in the 54 villages\* of the Bhimthari taluka of the Poona Collectorate has been very carefully conducted, and the subject has been very fully discussed in the report submitted to Government.

*\*Less one, named Dhond.*

2. His Excellency in Council quite agrees in the views expressed in paragraphs 29, &c. of Colonel Francis' report, relative to irrigated cultivation and to Pathusthal lands, but he cannot, without further consideration, sanction permanently the introduction of compulsory rates on lands, irrigated by the Kassurdi tank. As an experiment, however, he is willing to sanction it for one year, when a full report should be made by Colonel Francis through the Revenue, Commissioner, S. D. With this exception, Government are pleased to sanction the introduction of the rates proposed for the usual period of 30 years.

### **III - THE PRESSURE OF THE REVISED ASSESSMENT.**

*Extracts from Letter of the Revenue  
Commissioner, S.D., No. 149, dated  
14th January 1874, on the Revision  
of Karmala Taluka.*

11. In connexion with this subject, the undersigned begs to invite attention to the following extracts from paragraphs 8 and 11\* of Mr. Bosanquet's accompanying report.

*\*Paragraph 8. - "It is only lately that I have become aware that, while the rates on the good soils were left very nearly as they were before, the rates on the very inferior soils were much enhanced."*

*Paragraph 11. - "Persons who have spoken to me regarding the new rates in other talukas have said that no discontent would have arisen had the rates been raised proportionately all round, instead of having been left nearly the same on superior land; and raised so heavily on inferior land."*

12. The Revenue Commissioner is aware that the theory of the Survey Department is the very reverse of the above, and the Revenue Commissioner has prominently recognized (paragraph 4 of Memorandum 9, dated 3rd January 1872, transmitting the Revision Report of 53 villages in Bhimthari) with concurrence, the desirableness at revision of raising the assessment of the best-class land in a higher proportion than that of the lower classes, which has been the expressed object of the Survey Officers. But it is difficult to avoid giving some degree of credence to the general opinion of practical cultivators opposed to that of the official theory, which now finds expression in the opinion of the Collector of Sholapur.

13. It is quite comprehensible that owing to errors in the previous classification of the Talukas of Mareh, Sholapur, Pandharpur, and Barsi in Sholapur, and of Bhimthari in Poona, which did not exist in Karmala, the proportions of enhancement which would arrive by the increase of maximum are more rarely exceeded in Karmala than in the other districts, mentioned; but the Revenue Commissioner believes, from recent personal inspection, that there have been a great many cases of over-assessment in fields in the Barsi Taluka; and from general information that there are many similar instances in the other talukas above named. It should, however, be clearly understood that the enhancements in the cases referred to, as having been necessary in Sholapur and certain adjoining villages, in paragraph 19 of Colonel Francis' Report No. 436, dated 30th March 1872, are recognized as quite exceptional, and not liable to the general criticism now submitted for consideration of higher authority.

\* \* \* \* \*

23. The question to be solved is, apparently, this:- why, when the survey designed to increase the rate on superior soils and lower it on the lowest, the collector, his assistants, and the ryots of Sholapur say that the rates have been left nearly the same on superior land, and largely raised on inferior lands. The question is certainly not soluble without a careful examination of the new system of classification and its practical application to a number of fields compared with the old classification, which has been superseded, and its application to the same fields. The solution which is suggested in the absence of a single opportunity as yet obtained for the comparison is that there has been an increase in the highest class, and that there may have been, though this is very problematical, a decrease in the lowest, which corresponds with the theory, and that the application of the revised classification at too high a rate on the former unculturable, and on the lands generally lower than the highest to which the former unculturable is often attached, has unduly raised the medium and lower lands, and brought about the abnormal state of things, which in the opinion of the Revenue Commissioner demands further inquiry.

29. It is represented that in many instances the old defect of the survey settlements has not been remedied by lowering the classification of the worst soils, though the classification of the superior soils has been raised, and that in fact the assessment of the land formerly classed as "krab" or unculturable, added to the enhancement of the rates on soils not of the lowest, but also not of the highest, and which may be conveniently called the middling class, has had the effect of raising the rates of the middling and bad soils in a greater proportion than the best soils, and that the assessment is in many cases oppressive, and such as cannot be paid on the average of good and bad years without undue pressure.

30. Complaints of this kind have been for some time pressed on the notice of the Revenue Commissioner, and he has lately, in a tour through the revised district of Barsi, come upon several instances of assessment which appear to support the complaints. The Revenue Commissioner is aware how difficult it is to test complaints of this kind, and he would not venture to give them his official support in a representation to Government without first conferring with the Commissioner of Survey and Settlement, were it not that in order to do this effectively the fullest technical information needs to be held available; the Revenue Commissioner therefore begs that the question may as yet be regarded as under consideration, and solicits attention to the application in his 24th paragraph regarding details of assessment, including classification.

*Extract from Resolution of Government  
No. 707, dated 7th February 1874, on the  
Revision of Karmala Taluka.*

9. Mr. Havelock has, in reviewing the proposals in respect to Karmala, taken the opportunity of stating at great length, and with much moderation and care, the grave doubts he entertains regarding the suitability of the rates, especially on the poor soils, which have been imposed in the other talukas of the Sholapur and Poona collectorates lately brought under revision. He states his participation in the general belief that whereas the valuation on the better soils has been left very much as it was that on the poorer has been unduly and disproportionately enhanced.

10. His Excellency the Governor in Council has not failed to be much struck with the marked difference between the results of the last revision proposals and those that were first sent in. The Karmala and Supa revised assessment gave an average increase of 38 and 42 per cent respectively, while the prior ones of Mareh and Sholapur resulted in an increase of 77 per cent. The

Commissioner of Survey, Colonel Francis, attributes the comparatively small amount of increase observable in the proposals now submitted to the fact of a higher and more correct system of classification having been adopted at the first settlement of the Supa and Karmala villages than was observed when the survey operations were first commenced. If this is the correct explanation, it is somewhat remarkable that so sudden and marked an improvement should have characterised the work of the early survey officers within a period of two years from the commencement of the operations.

11. If, on the other hand, the true explanation is, as Mr. Havelock implies, to be found in the valuation scale having been lowered, in order to comply with the policy of moderation recently inculcated by Government, then it becomes a serious question how the rates in the other and earlier revised talukas can best be assimilated and equalised. That this is the case is clearly contradicted by Colonel Francis in the 24th paragraph of his forwarding memorandum, in which also he promises to prove his assertion in a report about to be submitted with regard to the Mareh settlement, but as an officer occupying the responsible position of a Revenue Commissioner is fully entitled to have his apprehensions in a matter of such importance set at rest, Mr. Havelock is at liberty to call for such information and to take such steps as he may deem necessary to obtain the particulars referred to in paragraph 24 of his Report. It will probably be the best and most convenient plan if he can arrange to meet the Survey Commissioner, and personally satisfy himself as to the principles on which the classification has been arrived at. A copy of the Revenue Commissioner's report should in the meanwhile be forwarded to Colonel Francis for any remarks he may have to make on this particular point.



*Extract from Letter No. 444, dated 20th March, 1874, from the Survey and Settlement Commissioner, N.D., to the Revenue Commissioner, S.D.*

2. The first regular classification scale, adopted by the survey officers, and which was in use in the Sholapur districts, comprised nine separate classes, ranged under three main heads or orders, known as Black, Red, and Barad. Each of these orders had its own three separate classes, called 1st, 2nd, and 3rd; and in making the classification all soils were recorded under these several heads of 1st, 2nd, or 3rd, Black, Red, or Barad, as the case might be. But this arrangement

by colours was not adhered to in practice; for if a soil was considered to be more or less valuable than the class to which it would naturally belong according to its colours, it was raised or degraded by putting it into the next higher or lower class, irrespective of colours; and hence it will be found that soils recorded as red are black in colour, and vice versa. The colour arrangement, in fact, was made subordinate to a classification by values.

3. The following is the scale of values of what is known in the survey papers as the Indápur, classification scale, shown in juxtaposition with the joint-report scale:-

Distinguishing terms.	Value in Annas.		Value upon a rupee maximum.			Joint-Report Scale.	
						Class.	Value in Annas.
(1)	(2)		(3)			(4)	(5)
	AS.	P.	RS.	A.	P.		AS.
1st Black	12	0	1	0	0	1st	16
2nd Black	9	8	0	12	10	2nd	14
1st Red	8	0	0	10	8	3rd	12
3rd Black	6	9	0	9	0	4th	10
2nd Red	5	2	0	6	11	5th	8
1st Barad	4	0	0	5	4	6th	6
3rd Red	3	0	0	4	0	7th	4.5
2nd Barad	2	5	0	3	2	8th	3
3rd Barad	1	4	0	1	10	9th	2

} Vide paragraph 10.

This comparison shows that whilst the values of the Indápur and joint-report scales correspond almost exactly in all the lower classes of soil, those of the joint-report are considerably higher in all the upper classes; and this serves to explain, to some extent, the cause of the lower rates placed upon the better soils under the early settlements, as compared with those of the present established scale of valuation.

4. But the great difference between the two systems is in the manner of carrying out the classification in the field. Under the *modus operandi* followed at the first settlement, the classer

walked over each field, digging here and there, and taking a general superficial examination of it, and on completing this inspection he was required to make up an estimate of the extent of each kind of soil. He was not furnished with any sketch of the field, but had to trust entirely to his eye for arriving at an estimate of the proportion of each kind of soil contained in the field, the average rate being worked out by shares, as on the present system, from the estimate made in the foregoing manner.

5. But this plan of working, which was carried out pretty generally in regard to all the better kinds

of soil, was not generally followed with the lower orders. Large tracts of such land were waste at the time, and they were generally considered to be unfitted for cultivation. In classing them, a man merely took a casual examination of the whole number, and if he saw no cultivation, would enter a large proportion as unarable, putting the lower class rates on the remaining part of it. If a Barad number of the kind happened to be under cropping at the time, it would be more carefully gone over, and less "kharab" given; and to this cause I attribute the variation to be met with in many cases in the proportionate extent of land deducted as unculturable. There is an entire absence of any guiding rule in the matter, the deduction being made in the most capricious manner.

6. This description of the manner in which the classification of the poorer soils was effected, is not merely the result of information obtained at various times from the old *employés* of the survey, but I can also testify to its general correctness from my own personal observation for, on first joining the Survey Department in 1844, I was sent to learn classification in the Nasik districts under Captain Davidson, and I then found the plan of deducting a large proportion of the area of Poor soils to be in force. I adopted the same plan in the Southern Maratha Country Survey at first, and Colonel Anderson informs me that he finds the deductions as unarable in some of the first villages of the Hubli Taluka, which were classed under my supervision, to be greatly in excess of the actual quantity properly deductible, as ascertained by classification according to our present system.

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10. Reverting, however, to classification, no well-defined system of operations, as you are aware, was generally introduced in the Survey Department, until the joint-report was drawn up in 1847. The system and rules then framed were generally introduced, though Captain Davidson

continued to work in the Ahmednagar districts by his original scale of values, which differed somewhat from that prescribed in the joint-report. There has, however, been no departure in the department under my control from the joint-report system until the revision work was commenced, when, with the express object of putting a lower rate upon the poor classes of soil, I made the following reduction in the values assigned to the lower classes by that scale, viz.:-

For the 7th class I fixed 4 annas in place of 4 annas 6 pies,  
For the 8th class I fixed 2 annas in place of 3 annas 6 pies,  
For the 9th class I fixed 1 annas in place of 2 annas 6 pies,

I made no alteration in the scale values of the best soils, or of those of any of the other classes.

11. The reduction shown above is considerable and most important, amounting, as you will perceive, to 20, 33, and 50 per cent in the values of the 7th, 8th and 9th classes, respectively, as fixed in the joint-report, and it is nearly this much also lower than the original Indápur scale given in a former paragraph.

12. It is to be regretted, perhaps, that this point was not noticed before, as it would have served to explain an important part of our proceedings, with which you yourself and the revenue officers of the collectorate have not been made acquainted.

*Extract from Letter No. 1,466, dated 20th April  
1874, from the Revenue Commissioner,  
S.D., to Government.*

97. To resume: it will not, I think, be assuming too much to submit that under the opportunity kindly afforded me by Government, a very strong case has been established for reconsideration of the assessments in the revised talukas of Sholapur.

98. There has been for some time an outcry against those of the rates which had come into actual operation in Madeh; the Sholapur Taluka ryots also evinced much dissatisfaction and unwillingness to pay up last year. In both cases the firmness of the authorities, and preparation for rigid enforcement of distraint and eviction, had the effect of inducing the payment in full of the Government demand, with some, not numerous, exceptions, the details of which were duly considered in Government Resolution No. 424, dated 26th January 1874.

99. But Government are, I know, desirous that the assessment shall be moderate, and such as the cultivators can pay without risk of crippling their small resources in good years, and bringing them, to the verge of ruin with the ever-increasing necessity for remissions in an unfavourable season.

100. Under this view, I trust Government will be pleased to consider favourably my representation regarding the complaint of the Collector, Assistant Collector, and the ryots of Sholapur (*vide* paragraph 23 of my Report No. 149, dated 14th January 1874), that the rates have been left nearly the same on superior lands and largely raised on inferior lands.

101. It is, I think, proved beyond a doubt in this report and its accompaniments that the 33 villages of the Pandharpur Taluka have been assessed at an average rate so very much higher than the average rate, of the villages of our adjoining tract, which were adduced by both the Commissioners of Survey and Settlement as a criterion by which to judge of the assessment in the 33 villages that, making some allowance for difference of prices, the rate is too high.

102. In my opinion the average rate is also too high for Barsi, and Sholapur, and I only except Madeh because of its being strongly urged by Colonel Francis that this district was under-assessed at the former survey. Regarding Madeh, the same objections exist as in the three first-named talukas. Regarding Karmala, even though the average rate is low and suitable, I do not think the assessment will be found in practice free from the objections stated in paragraph 100.

103. There is a conspicuous feature in the Karmala settlement, that considerable deductions of "kharab", at least in some cases, have been effected by the Survey officers, at their discretion, after the field calculations had been completed. Colonel Waddington, when questioned by me on the subject before Colonel Francis, informed us that it had been done by him in certain cases where he found by the papers that a good deal had been allowed at the former survey. Colonel Waddington did not think the deductions would be found sufficiently considerable to affect the assessment.

104. I have, however, found by inspection of the papers that in the village Nimbhore, of Karmala, deductions of "kharab" or unarable had been made at discretion subsequent to the settlement, as follows:-

1.	2.	3.	4.
Number of Survey Fields.	"Kharab" or Unarable as by the Fields Papers.	Additional Unarable as by Discretionary Correction.	Assessment foregone on Unarable in Column 3.
198	Acres goontas.	Acres goontas.	Rs. a. p.
	50 30	115 25	45 12 1

From this it may be concluded that the assessment is in some cases affected, and there need be no

insuperable difficulty in the way of similar corrections in other talukas, if so desired by Government.

105. But though opinions may vary regarding the effect of the average rate, I hold that it is mathematically proved that the revenue officers and the ryots have grounds for their complaints. A comparison of the classification of fields in groups according to the former and present survey, and a detailed comparison of the classification and rates applied to different sections of fields, which are, in my opinion, after personal inspection, excessively over-assessed, as set forth in this report and its appendices, establish the following:- That there has been a judicious increase in the highest class of land, but that, notwithstanding a most salutary and well-designed reduction of the two lowest classes of the joint-report scale and a slight reduction in the 7th class, the new scale has not suited the special circumstances of the revision; that the application of the revised classification at too high a scale on much of the former unculturable and on the lower and medium lands has caused the assessment to be high on such lands. Also that this grievance is intensified by the fact that it will not allow of recognising, with regard to the former unculturable, the undoubted claim to consideration for the capital or labour expended on those lands which have, since the former survey, been reclaimed and brought under the plough at the expense of the ryots.

106. It may fairly be inquired, if this state of things is admitted to be correct, what remedy is the best that I can propose. It has been suggested to me that a temporary percentage reduction in the new assessments all round while prices are

below a minimum, would be a means of relief, and so it would be, but then the faults, if there be such, of the settlement would be maintained.

107. There is, I believe, a theory that the settlements of which Mr. Goldsmid and Captain Wingate are generally regarded as the founders were so adjusted as to leave an equal share of produce of all lands to the cultivators. The theory may take its rise from the criticism of Captain Wingate, or his Lieutenants, on Mr. Pringle's unfortunate settlements in the Deccan and from certain statements given in illustration in the correspondence.

108. It is true that at page 129 of the Government Selection CVII on Indápur, there will be found a comparative statement showing how the survey rates might have been fixed so as to render the profit of cultivating every description of land nearly equal; but in practice, the scale there shown was greatly modified. It will be seen, by comparison of the actual rates applied to the nine different classes of land at page 123 of the same compilation, that the highest rate is reduced from Rs. 1-12-1 of the imaginary standard, to 12 annas, and that the other classes were reduced from the imaginary standard, more or less, though not in strict proportion also - which is the main point as between Captain Wingate's successful settlement and Mr Pringle's utter failure - that Captain Wingate's rates\* were rather more than half Mr. Pringle's rates† in the three highest classes, rather less than one half in the succeeding four, and less than one third in the two lowest classes.

109. Captain Wingate was, no doubt, far too well versed in the laws of production and distribution of wealth to suppose that any theoretical

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\* Page 123.

† Page 129

classification could affect at the settlement an adjustment of values which should remain in equilibrium. Such an equilibrium, even if attainable at the settlement, which is practically impossible, would be disturbed by liability to change in prices of produce and labour, and other economic conditions. This able settlement officer knew that the assessment had been generally pitched too high, that the pressure was greater on the middle class and greatest on the lowest soils; and he modified his classification and rates accordingly, with the entire success which has been recognised on all hands.

110. But this settlement, which fixed a kamal, or highest demand, on the complete area, of Rs. 84,000 instead of Rs. 2,03,000, the kamal of Mr. Pringle's settlement, which it superseded could not prevent, during the prevalence of very low prices, a portion of the land remaining waste, and even many thousands of acres being thrown out of cultivation intermediately, on account of their not yielding the net profit over and above the cost of cultivation, which would suffice to defray the rent charge to Government, and yield such benefit to the ryot as met his requirements. Neither, on the other hand, could the settlement prevent a large economic rent accruing at a later period, as, with rising prices, not only was the small area of waste then remaining brought under cultivation, because the high value of its produce, small though the latter might be, sufficed to defray the rent charge to Government, and to yield such benefit to the ryot as met his requirements, aptly termed in a recent paper by Mr. Pedder, his "standard of comfort."

111. Under these circumstances, the well-known laws of the establishment and increase of landlord rent followed their course. The better lands passed from time to time out of the hands of the cultivators to capitalists, who enjoy the economic rent without any personal concern in

the cultivation. This is the class who, under the name of middlemen, get many hard words on paper from those who think that a ryotwari system can be devised which shall be so balanced as to secure to Government the full economic rent of every acre of land, at the same time that it shall secure to the peasant cultivator or ryot a subsistence according to his requirements or "standard of comfort" Such an object is simply unattainable; for, as soon as a district begins to acquire sufficient prosperity to bring all the lower class land into cultivation, the local outward signs of which are, increase in wages of ordinary labour, and the price of food, grains, and fodder, a landlord's rent accrues on the better land, which will either place the ryot himself in the higher position of a renter instead of a cultivator, or he will be ousted by some capitalist whose money is always ready for the opportunity.

112. I believe that I am in agreement with Captain Wingate, and with the theory of the present Survey Commissioner, N.D., that the best way of securing the nearest approach to the Government rights, is to place a high relative rate on the best soils - such as the first two, or at most, three classes of the scale. These cannot only yield extraordinary profits in a good season, but they have, especially the first two, a preponderating capacity to resist the effects of prolonged drought, which in the arid Deccan immensely increases their relative capacity over a series of changing seasons.

113. The soils next in degree of capacity should be liable to an assessment rapidly diminishing to the worst lands. The latter are barely susceptible of successful cultivation at all, unless improved by outlay of capital when prices are moderately high. It stands to reason, then, that they should be very lightly assessed. This object was facilitated at the former survey by much inferior land being left unassessed altogether.

114. The recent method of bringing these formerly assessed lands to account has, for the reasons stated in detail in this report, placed them in a false position as regards the question of compensation for expenditure of labour and capital; it has also brought the inferior lands generally to so high a rate, that it is doubtful whether under the high prices of a few years ago, the assessment could have been easily paid ; and it is now, in my opinion, certain that at present prices the revised rates are beyond the capacity of the districts to bear over a series of years without large remissions, and the evils attendant thereon.

115. I have stated in paragraph 106 an evident objection in principle to a percentage deduction from the revised rates, Two methods of re-adjustment suggest themselves: the one to re-class and re-assess on a third classification, the other to re-assess on the recent classification.

116. There can, I think, be no reason to doubt that the new classification in the field is more consistently accurate than that of the former survey. I have been informed by the Survey Commissioner and the Superintendent that, in many instances—especially in Sholapur villages in the neighbourhood of Sholapur itself—there have been frequent instances of the most palpable under-assessment. I can add my testimony in regard to a field close to the town of Sholapur, which was assessed under the old survey at Rs. 3, and under the revision at Rs. 18. There is no doubt in my mind that the new assessment is not inordinately high as regards the capacity of the field in that locality. I have seen the former and present classification, and am quite prepared to believe that the former classification and assessment must have been obtained by fraud on the part of a subordinate.

117. It appears to me, with deference to higher authority, that we are not likely to improve by doing the field classification over again, but that the survey authorities might be able to suggest to Government such a modification of the scale of class values on a rupee maximum which shall suit the conditions described when adjusted to the maximum for the village or group. The most difficult point to get over is that of the former unculturable, which ought to be admitted at so low a rate as would allow compensation for expenditure on capital and labour. But some at least of the unculturable, and chiefly, I believe, those portions gained by encroachment, are said to be above the very inferior average which this class would generally represent. I believe these difficulties might, by judicious treatment, be all met; but much must depend on the view of this subject taken by Government and the Commissioner of Survey and Settlement. The facts stated in my paragraphs 103 and 104 show that the difficulty about deduction of unarable, when deemed desirable, is not insuperable.

118. Before closing this report, which has cost me much time and labour, I beg earnestly, in the spirit of moderation inculcated by Government, to deprecate any very large general increase of the assessments.

119. I go so far as to recommend Government to be satisfied with a minimum of 25 per cent increase on the whole area in all the talukas of the Sholapur Collectorate, though I would, of course, not object to more if it can be obtained without over assessment. I would also recommend that in any scheme of revision a limit of 56 per cent increase should not be exceeded in any one village, and 100 per cent not exceeded in any one field, without suitable explanation. This would leave room for correction of previous glaringly erroneous or fraudulent classification and assessment, which in some villages will, I believe be found sufficiently numerous.

**Old Classification of the Village of Alipur, in Taluka Bārsi, Zilla Sholapur, in contrast with those of the Revised Settlement.**  
**(Appendix to Letter No. 1,466, dated 20th April 1874, from the Revenue Commissioner, S.D.)**

Classification Rates.	According to Revision Survey Settlement.							According to Former Survey Settlement.							According to Revision Survey.		Percentage Increase.
	Survey Numbers.	Pot Num bers.	Areas.	Deduct Unarable.	Remainder areable.	Amount of Assessment according to Classification Rates.	Classifi- cation Rates.	Survey Numbers.	Area.	Deduct Unarable.	Remainder areable.	Amount of Assessment according to Classification Rates.	Decrease.	Increase.			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)		
First Class Lands.																	
14 annas to 15 annas 6 pies	2	-	37	8 0	9	36 39	RS. A. P. 33 7 8	0 11 6	A. G. 36 10	0 11	35 39	RS. A. P. 26 0 0	RS. A. P. -	7 7 8	29		
14 assas to 1 rupee	2	-	39	38	-	39 38	37 8 0	0 12 6	40 11	0 5	40 6	31 0 0	-	6 8 0	21		
15 annas 6 pies	2	-	44	36	-	44 36	43 7 11	0 13 0	45 15	0 1	45 14	36 0 0	-	7 7 11	21		
15 annas 6 pies to 1 rupee	4	-	61	38	-	61 38	60 11 6	0 13 6	65 20	-	65 20	55 0 0	-	5 11 6	10		
10	10	-	184	0 0	9	183 31	175 3 1	-	187 16	0 17	186 32	148 0 0	-	27 3 1	18		
Second Class Lands.																	
10 to 12 annas	2	-	30	25	0	10 30	20 3 2	0 7 0	30 13	1 19	28 34	13 0 0	-	7 3 2	53		
7 to 10 annas	3	-	74	32	0	8 74	38 5 4	0 7 6	73 24	2 11	71 19	34 0 0	-	4 5 4	13		
7 annas 6 pies to 15 annas	4	-	59	29	0	8 59	39 3 10	0 8 0	63 32	0 36	62 36	31 0 0	-	8 3 10	26		
7 annas to 11 annas	3	-	62	16	0	6 62	37 3 1	0 8 6	60 38	0 39	59 39	32 0 0	-	5 8 1	16		
10 annas 6 pies	1	-	27	38	0	4 27	34 18 4 5	0 9 0	27 39	0 21	27 18	15 0 0	-	3 4 5	22		
6 annas 6 pies to 13 annas 7 pies	8	-	160	15	0	24 159	119 7 3	0 9 6	169 14	1 19	167 35	99 0 0	-	20 7 3	21		
11 to 14 annas	3	-	60	15	0	14 60	43 9 9	0 10 0	66 26	0 6	66 20	41 0 0	-	2 9 9	6		
12 annas to 14 annas 6 pies	2	-	24	37	0	7 24	30 19 12 1	0 10 6	24 8	0 36	23 12	15 0 0	-	4 12 1	32		
10 annas 6 pies to 13 annas	3	-	51	34	0	7 51	36 9 0	0 11 0	52 9	0 83	51 16	36 0 0	-	0 9 9	2		
29	-	-	553	1 2	8	550 33	372 9 11	-	569 3	9 20	559 23	316 0 0	-	56 9 11	18		

(Contd.)

**Old Classification of the Village of Alipur, in Taluka Bársi, Zilla Sholapur, in contrast with those of the Revised Settlement.  
(Appendix to Letter No. 1,466, dated 20th April 1874, from the Revenue Commissioner, S.D.) (Concl'd.)**

Classification Rates.	According to Revision Survey Settlement.						According to Former Survey Settlement.						According to Revision Survey.		Percentage Increase.
	Survey Numbers.	Pot Num bers.	Areas.	Deduct Unarable.	Remainder areable.	Amount of Assessment according to Classification Rates.	Classifi- cation Rates.	Survey Numbers.	Area.	Deduct Unarable.	Remainder areable.	Amount of Assessment according to Classification Rates.	Decrease.	Increase.	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Third Class Lands.															
8 annas	1	-	3	21	3	21	1 12 2	0 4 0	1	3	85	-	3	35	1 0 0
5 annas 6 pies to 10 annas 6 pies	3	-	86	1 0	16	85 25	44 13 10	0 4 6	2	86	11	0 18	85 33	25 0 0	-
6 annas 6 pies to 11 annas	3	-	50	2 0	7	49 35	28 12 6	0 6 0	2	50	13	0 12	50 1	19 0 0	-
Total agreeably to Survey Papers	7	-	139	24 0	23	139 1	15 6 6	-	5	140	19	0 30	139 29	45 0 0	-
Deducted - More in Colonel Francis, statement	46	-	876	25 3	0	873 25	623 3 6	-	-	-	-	-	-	-	-
Add - Less in Colonel Francis, statement	-	-	0	10	-	0 10	-	-	-	-	-	-	-	-	-
Grand Total	46	-	876	15 3	0	873 15	623 4 9	-	33	896	38	10 27	886 11	509 0 0	-
Total Jerayet assessment, vide note below	-	-	-	-	-	857 1 0	-	-	-	-	-	-	-	114 3 6	22

Note: The amount according to classification rates under the old survey settlement shown in column 12 represents the actual survey assessment of the former settlement. But the same is not the case with the amount of classification rates under revised survey settlement shown in column 7; because, in addition to the increase caused by revised classification, there has been another percentage increase agreeably to what are called sanctioned rates. These are liable to enhancement in the proportion of one rupee and one rupee six annas, the maximum scale for this village. They thus amount to Rs. 857-1-0, *vide* entry below classification rates of new assessment.



**Old Classification of the Village of Dahitneh, in Taluka Sholapur, in Sholapur Collectorate, in contrast with those of the Revised Settlement.**  
(Appendix to Letter No. 1,466, dated 20th April 1874, from the Revenue Commissioner, S.D.)

Classification Rates.		According to Revision Survey Settlement.					According to Former Survey Settlement.					According to Revision Survey.		Percentage Increase.	
Survey Numbers.	Pot Num bers.	Areas.	Deduct Unarable.	Remainder arable.	Amount of Assessment according to Classification Rates.	Classifi- cation Rates.	Survey Numbers.	Area.	Deduct Unarable.	Remainder arable.	Amount of Assessment according to Classification Rates.	Decrease.	Increase.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
There are no first-Class lands at all, according to old survey.															
Second Class Land, that is, Lands assessed from Annas 6½ to Annas 11.															
RS. A. P.	RS. A. P.		A.	G.	A.	G.	RS. A. P.	A.	G.	A.	G.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.
0 8 0 to 0 10 0	2	-	28 9	0 18	27 31	15 6 8	0 6 6	1	35 8	2 17	32 31	13 0 0	-	2 6 8	18 9 5
0 10 6 to 0 12 6	3	-	82 13	-	82 13	56 1 7	0 7 0	2	85 4	0 12	84 32	37 0 0	-	19 1 7	51 9 10
0 14 0 to 1 2 0	2	-	23 4	0 5	22 39	22 14 11	0 7 6	2	22 35	0 24	22 11	10 0 0	-	12 14 11	129 5 2
	7		133 26	0 23	133 3	94 7 2	-	5	143 7	3 13	139 34	60 0 0	-	34 7 2	57 6 7

(Contd.)

**Old Classification of the Village of Dahineh, in Taluka Sholapur, in Sholapur Collectorate, in contrast with those of the Revised Settlement.  
(Appendix to Letter No. 1,466, dated 20th April 1874, from the Revenue Commissioner, S.D.O)**

Classification Rates.		According to Revision Survey Settlement.						According to Former Survey Settlement.						According to Revision Survey.		Percentage Increase.																
		Survey Numbers.	Pot Num bers.	Areas.	Deduct Unarable.	Remainder arable.	Amount of Assessment according to Classification Rates.	Classifi- cation Rates.	Survey Numbers.	Area.	Deduct Unarable.	Remainder arable.	Amount of Assessment according to Classification Rates.	Decrease. Increase.																		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)																	
Third Class Lands that is, Lands assessed at 1 to 6 Annas.																																
RS. A. P.	RS. A. P.		A. G.	A. G.	A. G.	RS. P.	A. RS.	A. P.	A. G.	A. G.	A. G.	RS. A. P.	RS. A. P.	RS. A. P.	RS. A. P.																	
0 5 0 to	- - -	1	44	38	4	5	40	33	12	12	1	0	2	0	1	45	7	-	45	7	6	0	0	-	6	12	1	112	9	4		
0 4 6 to	0 10 0	3	96	0	2	3	94	6	33	4	2	0	2	6	2	95	8	1	9	93	39	14	0	0	-	19	4	9	137	9	2	
0 4 0 to	0 9 0	4	3	161	34	0	21	161	13	59	2	1	0	3	0	166	7	6	34	159	13	30	0	0	-	29	2	1	97	1	7	
0 4 6 to	0 10 0	5	1	216	19	2	28	213	31	97	2	1	0	3	6	5	219	10	7	34	211	16	46	0	0	-	51	2	1	111	2	5
0 4 0 to	0 14 6	16	6	311	9	3	36	307	13	184	3	10	0	4	0	8	307	23	13	8	294	20	75	0	0	-	109	3	10	145	10	5
0 5 6 to	0 14 6	12	3	258	26	3	9	255	17	143	10	5	0	4	6	7	264	32	4	2	260	30	74	0	0	-	69	10	5	94	1	11
0 7 0 to	0 14 6	23	6	409	3	10	0	399	3	281	8	1	0	5	0	14	407	4	19	21	387	23	121	12	0	-	159	12	1	131	3	5
0 8 0 to	0 11 6	8	-	235	31	3	20	232	11	138	13	10	0	5	6	6	235	7	4	21	230	30	79	0	0	-	59	13	10	75	12	5
0 7 0 to	0 12 0	6	-	140	16	0	29	139	27	78	8	8	0	6	0	4	142	20	1	5	141	15	58	0	0	-	25	3	8	74	9	7
Grand Total		78	22	1874	25	30	31	1843	34	1028	12	3	-	-	50	1882	38	58	5	1824	33	498	12	0	-	530	0	3	106	4	3	
Agreeably to Col. Francis, statement		85	22	2008	11	31	14	1976	37	1123	3	5	-	-	55	2026	5	61	18	1964	27	558	12	0	-	564	7	5	101	0	4	
Add -		54	10	2012	18	31	14	1981	4	1121	0	0	-	-	54	2023	38	61	27	1962	11	558	0	0	-	563	0	0	101	0	0	
Left out in Col. Francis' statement by mistake and by discarding fractions		31	12	-	-	-	2	3	5	-	-	-	-	-	*1	2	7	0	9	2	16	0	12	0	-	-	1	7	5	-	-	
Deduct -																																
More in Col. Francis' statement by mistake and by discarding fractions		-	-	4	7	-	4	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Jera yet assessment, vide note No. 2		85	22	2008	11	31	14	1976	37	1123	3	5	-	-	55	2026	5	61	18	1964	27	558	12	0	-	-	564	7	5	-	-	-

\* This is the area of old No. 68 inadvertently omitted from Colonel Francis' return.

Note: 1. This statement relates to Government land only. There are 85 Government survey numbers, and although their land has been brought to account in subsequent columns, still the insertion in the Survey Commissioner's Office of the number of survey fields at 54 in column 2 was evidently a mistake.

Note: 2. The amount according to classification rates under the old survey settlement, shown in column 12, represents the actual survey assessment under the former settlement. But the same is not the case with the amount of classification rates under revised survey settlement, shown in column 7; because in addition to the increase caused by revised classification, there has been another percentage increase agreeably to what are called sanctioned rates. These are liable to enhancement in the proportion of one rupee and one rupee six annas, the maximum scale for this village. They thus amount to Rs. 1,544-0-0.

**Old Classification Rates of the Village of Miri, in Taluka Sholapur, of the Sholapur Collectorate, in Contrast with those of the Revised Settlement.**  
(Appendix to Letter No. 1466, dated 20th April 1874, from the Revenue Commissioner, S.D.)

Classification Rates																		
According to Revision Survey Settlement							According to Former Survey Settlement							According to Revision Survey				
Survey Nos.	Pot Nu mbers or Sub-share	Area	Deduct Un-arable	Remain-der arable	Amount of Assess-ment according to Classification Rates	Classifi-cation Rates	Survey Nos.	Area	Deduct Un-arable	Remain-der arable	Amount of Assess-ment according to Classification Rates	De-crease in Acres	Increase in Acres	Per-centage Increase in Acres	De-crease in Assess-ment	Increase in Assess-ment	Per-centage Increase in Assess-ment	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
First Class Lands.																		
RS, A, P, RS, A, P.			A. G.	A. G.	A. G.	RS. A. P. RS. A. P.		A. G.	A. G.	A. G.	A. G.	RS. A. P. RS. A. P.	A. G.	A. G.	A. G.	RS. A. P. RS. A. P.		
0 13 6 to 0 14 0	3	-	84 11	-	84 11	73 4 3 0 11 6	2	81 1	0 12	80 29	58 0 0	-	3 22	-	-	15 4 3	-	
0 15 6 to ---	1	-	10 27	-	10 27	10 5 6 0 12 0	1	11 15	0 13	11 2	8 0 0	0 15	-	-	-	2 5 6	-	
0 14 6 to ---	1	-	37 26	-	37 26	34 1 11 0 13 0	1	35 35	-	35 35	29 0 0	-	1 31	-	-	5 1 11	-	
0 14 6 to 1 3 0	1	1	40 14	-	40 14	36 12 11 0 14 0	2	40 5	-	40 5	34 12 0	-	0 9	-	-	2 0 11	-	
1 2 0 to 1 3 0	1	2	2 21	-	2 21	2 14 11 0 15 6	2	2 11	-	2 11	2 8 0	-	0 10	-	-	0 6 11	-	
	7	3	175 19	-	175 19	157 7 6 -	8	170 27	6 25	170 2	132 4 0	0 15	5 33	3 8	-	25 3 6	19	
												Net increase.		5 17				
Second Class Lands.																		
0 11 6 to 0 14 6	4	-	122 19	1 6	121 13	101 9 1 0 6 6	4	117 38	16 9	101 29	41 0 0	-	19 24	-	-	60 9 1	-	
0 12 6 to ---	1	-	32 38	1 15	31 23	24 10 8 0 7 0	1	32 32	3 13	29 19	13 0 0	-	2 4	-	-	11 10 8	-	
0 12 0 to 1 4 0	2	1	38 32	0 8	38 24	29 14 4 0 7 6	3	34 15	0 11	34 4	16 8 0	-	4 20	-	-	13 6 4	-	
0 11 6 to 0 14 0	3	-	122 19	0 16	122 3	94 14 1 0 8 0	3	116 3	0 27	115 16	58 0 0	-	6 27	-	-	36 14 1	-	
0 14 0 to 1 1 0	2	3	8 1	-	8 1	7 9 4 0 8 6	3	8 13	0 34	7 19	3 12 0	-	0 22	-	-	3 13 4	-	
0 12 0 to 0 14 0	4	-	128 28	0 10	128 18	106 8 10 0 9 0	3	126 16	-	126 6	71 0 0	-	2 12	-	-	35 8 10	-	
0 10 6 to 0 11 6	2	-	67 15	0 14	67 1	45 6 2 0 9 6	2	71 15	0 10	71 5	42 0 0	4 4	-	-	-	3 6 2	-	
0 13 0 to 0 14 6	3	2	57 12	0 9	57 3	49 4 4 0 10 0	7	59 10	0 17	58 33	36 8 0	1 30	-	-	-	12 12 4	-	
0 10 6 to 0 14 6	2	-	80 35	0 11	80 24	65 3 8 0 10 6	2	82 5	0 8	81 37	54 0 0	1 13	-	-	-	11 3 8	-	
	23	6	658 39	4 9	654 30	525 0 6 -	28	648 17	22 9	626 8	335 12 0	7 7	35 29	4 22	-	189 4 6	56 <sup>3</sup> <sub>4</sub>	
												Net increase.		28 22				

**Old Classification Rates of the Village of Ishwar-Water, in Taluka Pandharpur, of the Sholapur Collectorate, in contrast with those of the Revised Settlement.**

According to Revision Survey Settlement.										According to Former Survey Settlement					According to Revision Survey.				
Classification Rates.	Survey Nos.	Pot Nu mbers.	Area.	Deduct Un-der-able.	Remain-der-able.	Amount of Assess-ment according to Classification Rates.	Classifi-cation Rates.	Survey Nos.	Area.	Deduct Un-der-able.	Remain-der-able.	Amount of Assess-ment according to Classification Rates.	De-crease in Acres.	Increase in Acres.	Per-centage Increase in Acres.	De-crease in Assess-ment.	Increase in Assess-ment.	Per-centage Increase in Assess-ment.	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
First Lands, that is, Lands assessed $1\frac{1}{2}$ to 1 R. per Acre.																			
15 annas	1	1	A. 5 G. 36	-	A. 5 G. 36	RS. 5 A. 8	11 annas 6 pies	1	A. 5 G. 37	-	A. 5 G. 37	RS. 4 P. 0	0	1	-	A. G.	RS.	RSA. P. 1 8 6	
15 annas	2	-	A. 15 G. 2	-	A. 15 G. 2	14 1 9	12 annas 6 pies	2	A. 12 G. 5	-	A. 12 G. 5	9 0 0	-	2 37	-	-	-	5 1 9	
Total	3	1	A. 20 G. 38	-	A. 20 G. 38	19 10 3	-	3	A. 18 G. 2	-	A. 18 G. 2	13 0 0	0 1 2	37	$16\frac{13}{20}$	-	6 10 3	$59\frac{7}{8}$	
														Net increase - 2 36					
Second Class Lands, that is Lands assessed at $6\frac{1}{2}$ to 11 Annas per Acre.																			
13 annas to 15 annas 6 pies	8	-	A. 162 G. 30	2 21	A. 160 G. 9	141 12 3	6 annas 6 pies	6	A. 168 G. 21	7 39	A. 160 G. 22	65 0 0	0 13	-	-	A. G.	RS.	RSA. P. 7612 3	
10 annas to 15 annas	9	3	A. 153 G. 21	1 2	A. 152 G. 19	123 2 1	7 annas	8	A. 149 G. 28	1 20	A. 148 G. 8	60 0 0	-	4 11	-	-	-	57 2 1	
10 annas to 15 annas 6 pies	13	-	A. 282 G. 23	1 19	A. 281 G. 4	250 15 10	7 annas 6 pies	9	A. 271 G. 31	0 12	A. 271 G. 19	127 0 0	-	9 25	-	-	-	1235 10	
10 annas 6 pies to one rupee	10	1	A. 200 G. 11	0 26	A. 199 G. 25	170 2 6	8 annas	8	A. 195 G. 5	2 14	A. 192 G. 31	96 8 0	-	6 34	-	-	-	7310 6	
13 annas to 15 annas 6 pies	10	1	A. 196 G. 13	0 15	A. 195 G. 38	174 0 1	8 annas 6 pies	10	A. 189 G. 30	0 18	A. 189 G. 12	102 0 0	-	6 26	-	-	-	72 0 1	
13 annas 6 pies to one rupee	9	-	A. 113 G. 24	0 9	A. 113 G. 15	101 11 9	9 annas	6	A. 113 G. 30	0 15	A. 113 G. 15	64 0 0	-	-	-	-	-	3711 9	
13 annas 6 pies to 15 annas	4	-	A. 89 G. 30	0 13	A. 89 G. 17	81 8 7	9 annas 6 pies	3	A. 92 G. 31	0 6	A. 92 G. 25	54 0 0	3 8	-	-	-	-	27 8 7	
14 annas 6 pies to one rupee	2	-	A. 22 G. 18	-	A. 22 G. 18	20 13 5	10 annas	2	A. 22 G. 31	-	A. 22 G. 31	14 0 0	0 13	-	-	-	-	6 13 5	
15 annas 6 pies	2	-	A. 50 G. 15	-	A. 50 G. 15	48 12 10	10 annas 6 pies	1	A. 50 G. 20	-	A. 50 G. 20	36 0 0	0 5	-	-	-	-	1512 10	
Total	67	5	A. 127125 G. 6	25 25	A. 1265 G. 0	11125 4	-	53	A. 12547 G. 13	4 1241	A. 1241 G. 23	621 8 0	3 39	27 16	$1\frac{3}{4}$	-	4917 4	-	
													Net increase - 23 17						
(Contd.)																			

(Contd.)

**Old Classification Rates of the Village of Ishwar-Water, in Taluka Pandharpur, of the Sholapur Collectorate, in contrast with those of the Revised Settlement.**

According to Revision Survey Settlement.										According to Former Survey Settlement.					According to Revision Survey.				
Classification Rates.	Survey Nos.	Pot Nu mbers	Area	Deduct Un-der arable	Remain-der arable	Amount of Assess-ment according to Classifi-cation Rates	Classifi-cation Rates	Survey Nos.	Area	Deduct Un-der arable	Remain-der arable	Amount of Assess-ment according to Classifi-cation Rates	Increase in Acres	Per-centage Increase in Acres	De-crease in Assess-ment	Increase in Assess-ment	Per-centage Increase in Assess-ment		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(7A)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
Third Class Lands, that is, Lands assessed from 1 to 6 Annas an Acre.																			
1 annas 6 pies 3 to 14 annas	1 6	-	A. G. 25 12 0 110 18 1	A. G. 29 24 1 109	A. G. 23 6 17 84	RS. A. P. 6 14 7 11 10 4	3 annas 4 annas 6 pies	1 5	24 31 19 113 4 4	3 5 20 108	28 1 0 24 31 0	0 0 0 0	- 0	18 35 0 33	-	RS. A. P. 5 14 7 53 11 10	-	-	
8½ to 14 annas	4	-	88 13 0	16 87	37 58	15 4 5	5 annas 6 pies	2	98 20 2	16 96	4 33 0	0 8 7	-	-	-	25 15 4	-	-	
8 to 15 annas	7	-	125 15 0	33 124	22 104	1 1 6	annas	5	113 21 2	29 110	32 42 0	0 0	-	13 30	-	62 1 1	-	-	
Total	18	-	849 18 2	39 346	19 254	10 10	-	13	349 36 28	28 321	8 107 0	0 8 7	3 33 18	7¾	-	14710 10	198⅛	-	
Agreeably to Survey Papers According to Colonel Francis' statement.	88	6	1642 1 9	24 1632	17 1385	4 5	-	69	16225 41 32	1580 33	741 8 0	-	51 24	3¼	-	64512 5	87⅞	-	
Add - Less in Colonel Francis' statement, owing to discarding of fractions, & c.	87	5	161525 9 15	1606 10	13654 0	-	-	67	160119 41 31	1559 28	731 8 0	-	46 22	-	-	634 6 0	-	-	
Grand Total	1	1	26 16 0	9 26	7 21	6 5	-	2	21 6 0	1 21	5 10 0	0 0	-	5 2	-	1165	-	-	
	88	6	1642 1 9	24 1632	17 1287	4 5	-	69	16225 41 32	1580 33	741 0 0	-	51 24	-	-	645125	87⅞	-	

Note 1. - This statement relates to Government land only.

Note 2. - The amounts, according to classification rates under the old survey settlement shown in column 12, represents the actual survey assessment of the former settlement. But the same is not the case with the amount of classification rates under revised survey settlement shown in column 7; because, in addition to the increase caused by revised classification, there has been another percentage increase agreeably to what are called sanctioned rates. They are liable to enhancement in the proportion of one rupee and two annas, the maximum scale for this village. They thus amounted to Rs. 1,560-10-1, *vide* entry below classification rates of assessment.

*Extract from a Note, "Leading Points regarding Revision Settlements," by Mr. W. G. Pedder, C.S., 1874.*

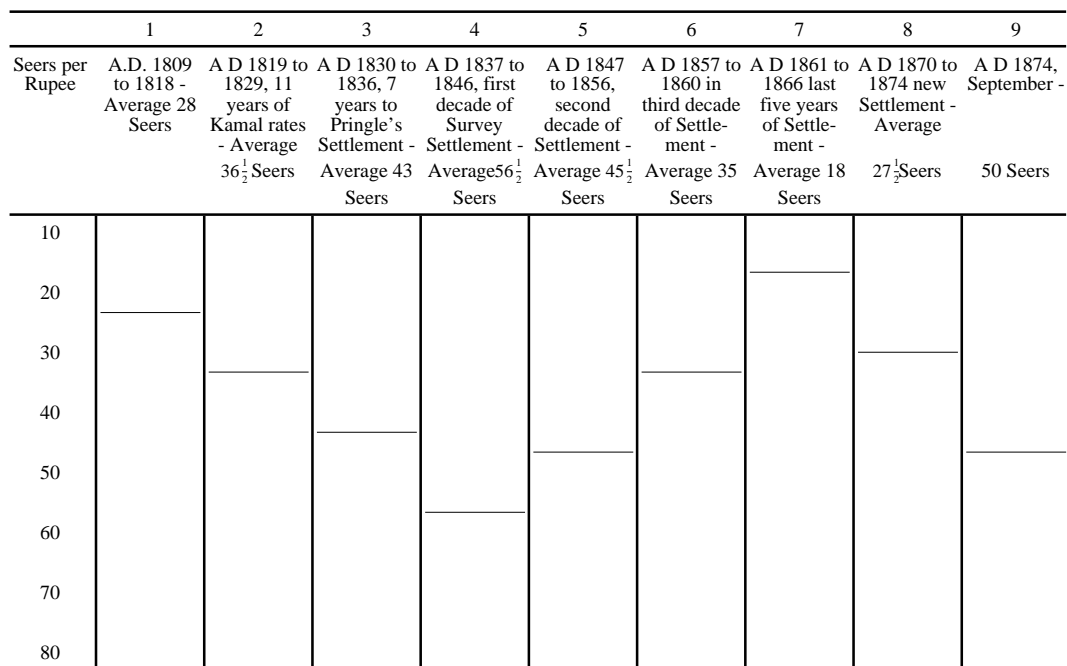
"I will now proceed to notice briefly some of the most important facts to which the information above summarized appears to point, and of the inferences which may be drawn from them.

The most important considerations are those which are connected with the relations between prices, rates of assessment, and the extent of land

cultivated, the latter being a good test of the prosperity of the people.

Putting out of sight temporary fluctuations due to good or bad seasons (which are sometimes very extraordinary, *e.g.*, the price of jowari in Indápur was 12 seers in 1825, 64 seers in 1827, 91 seers in August 1871, 50 seers in September 1874), it is evident that the wave of prices has risen and fallen twice since the beginning of the present century, as the following diagram will show: -

**DIAGRAM, Showing Fluctuations of Price of Jowari, the Staple Grain, in Indápur**



N.B.-I have taken the Indápur prices because they are the only ones which I have complete from 1809. Fluctuations in the Indápur market have probably been exceptionally great, and prices generally have of course been lower than in larger markets. But a comparison with the prices for other talukas given in the paper will show that the Indápur figures represent pretty fairly the general course of prices, and may, I think, be accepted merely as illustrative of the arguments I employ. Prices in Indápur between 1866 and 1870 are not forthcoming. But the figures for the 4½ years 1870-74 show that a tendency to fall was checked by the occurrence of the very bad season of 1871-72.

**Seers for a Rupee**

1870-71	20	0
1871-72	13	36
1872-73	19	39
1873-74	36	32
1874-7 months	46	66

Assuming, which I think it is fair to do, that the course of prices in Indápur is representative of the course of prices in the Presidency generally, this diagram shows that prices were high--about 28 seers--for the 10 years immediately preceding the introduction of British rule in that taluka. From that date they fell steadily and continuously till about 1850, when they reached the lowest point of depression, 72 seers. They then began to rise for 15 years slowly and steadily, for the next 5 years violently, to 18 seers. And for the last-  $4\frac{1}{2}$  years they have again fallen, at first slowly, but in the present year, in which a remarkably good harvest has given an impetus to the tendency, suddenly and considerably, to a rate little higher than the average of the worst portion of the series, 1837 to 1846.

The main reason to which these fluctuations are due has been much disputed. It appears to me to be a simple one; alterations in the ratio between the quantity of the circulating medium and the number and amount of transactions in which it has to be exchanged for goods or labour, *i.e.*, in technical language, its "duty." It is a common place in political economy that price is in the long run regulated by the relative quantities of the circulating medium and of the articles for which it is exchanged. If there are a lakh of rupees to be exchanged for a lakh of maunds of grain, the price will be a rupee a maund; if half a lakh of rupees only, the price will be 8 annas.

But the argument on which this theory is questioned is this. If, it is said, there were reason to believe that an actual diminution in the quantity of the circulating medium has taken place coincident with a fall in prices, there could be no doubt that the former circumstance has caused the latter. But there is no reason to believe that this has occurred. India does not export treasure; she imported it all through the long fall in prices from

1819 to 1850, and she has been importing it since 1867, though not nearly to the same amount as in the decade before that year.

A little consideration will, however, I believe, show that these facts do not really make against the theory.

It must first be borne in mind that it is not so much an alteration in the absolute quantity of the circulating medium which affects prices, as an alteration in its quantity relatively to the "duty" it has to do.

In India at least a certain proportion, probably rather a large proportion, of the circulating medium is withdrawn from circulation every year by being hoarded or being converted into ornaments. And India, not producing the precious metals, must obtain silver to replace the amount thus withdrawn from circulation in exchange for her exports.

Now India has to pay England yearly, in public and private remittances, a large sum, conveniently though very inaccurately termed the "Indian Tribute". She does not pay this sum in bullion - not being a treasure-producing country she cannot do so - but in produce. That is, whereas if she formed no part of the British empire, if her public creditors, stock and railway shareholders, pensioners, &c. did not live in England, she would receive in return for her exports to England such quantity as she might require of English goods and the balance in silver, she now receives so much less silver as is required to pay her "tribute," and receives advantages of a different kind, instead of this amount of silver in return for so much exported produce.

Of course these advantages may be - I believe are - far more *valuable* to India than the silver she would otherwise get. A railway is quite worth the

money paid yearly to its English shareholders. The British army, if once in a century it prevents such an invasion as that of Timur or Nadir Shah is well worth its cost. But I am not speaking of the value of what India receives from England, but of the economic effect on prices of her connexion with England, a very different thing.\*

If the theory here stated is correct, the fluctuations in prices which have occurred are not difficult to explain.

Before the introduction of British rule in the Deccan there was little trade. Much of what trade there was was carried on by way of barter and a considerable portion of the receipts and disbursements of the Government was in kind, not in cash. Hence, if the circulating medium was limited in quantity, its "duty" was still more limited, and prices were high. After that event a heavier "duty" was thrown on the circulating medium by the extension of trade, by the greater demands of the revenue for cash, by the system of the British Government of paying its army and its officers in money. The expansion of the circulating medium which this altered state of affairs demanded was checked by the cause pointed out above. Importation of bullion was probably not sufficient to make up, the amount annually withdrawn from circulation; at any rate it was not enough to increase the circulating medium in proportion to the greater "duty" thrown upon it. Hence prices steadily fell. Then at last came the sudden increase of demand for Indian raw produce for export, and the high prices it fetched, and the transmission of English capital to India for railways, &c., which caused a very large influx

of bullion. The effect of this influx, theoretically, should have been to raise prices greatly, and in reality this was what took place. But as soon as this abnormal influx ceased, the other causes resumed their operation and with increased force, for the amount of the "tribute" had grown with the raising in England of railway capital and of Government loans; increasing trade threw a heavier "duty" on the circulating medium; and the area of its employment had widened by the demand for money in native states and in remote parts of the country. There are, for instance, tracts in Central India in which money was hardly known till a few years ago, revenue being paid in kind, cowries being the coin generally used, and trade being chiefly carried on by barter. Indeed, the effect of the sudden importation of bullion resembled that of a stone thrown into a pond. Where the stone fell (that is, in the districts which first received the bullion, either in payment for high priced exports, or where railways and other works were being constructed, and especially in this Presidency), the wave of prices rose high; but as the circle widened and extended over the whole surface of the water, the height of the wave diminished in proportion to its extent. A comparison of ordinary prices in Upper Bengal and in Bombay will illustrate what I mean.

The fall of prices of Indian produce, especially cotton, in the English market (which prices are of course in no way regulated by the causes which govern prices in India), also seems to me to have helped to pull down prices in India. If the Indian producer ceases to get so good a price for the article he raises for export (say cotton) as for the article he raises for consumption in India (say grain), he forthwith grows less cotton and more

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\*An illustration of what I mean may be drawn from the Bombay Gas Company. This company which has nothing whatever to do with Government receives yearly from the city of Bombay, I think, about 40,000*l*. Of this sum about 35,000*l* is remitted to England, partly to pay for the coal used to make gas, partly to pay dividends, the shares being held in England. Consequently India is poorer in silver by 3½ lakhs a year. But it is evident that the public of Bombay think the gas worth the money, or they would not buy it. It is also clear that Bombay capitalists think they can do better with their money than by investing in the Gas Company's shares, or the shares would be held in Bombay, not in England.



grain. The effect of this is twofold. First, the larger quantity of grain produced, its increased supply, immediately lowers its price. The immense variation in the price of grain between years of good and of bad harvests, and even between different months of the same year, shows that the grain market is very sensitive; that a comparatively trifling variation in the quantity of grain makes an enormous difference in its price. Secondly, if the cotton required to pay India's remittances to England in produce is not raised, India must pay those remittances by the export of bullion, which, as shown above, would at once cause a general decline of prices in India. Hence it appears that as it is necessary, in order to pay her remittances, that India should export certain products to England, and as the price of those products is what they will fetch in England, the price of other products in India must fall till it is worth the Indian producer's while to raise the products required for export.

From all these causes, prices have fallen again almost as rapidly as they rose.

Indeed, it might be expected that prices would soon fall as low as in 1850, but that other circumstances may, and is to be hoped will, partially counteract the causes which produce a decline. A more general use of a paper currency will practically add to the quantity of the circulating medium. There is every hope that exports from India will increase, and that her own manufactures will partially take the place of the foreign goods she now imports. The profits on capital in different countries tend, with good government and

increased facilities for communication, to become more equal, and if ordinary profits in India fall to more nearly the level of profits in England, it is likely that a much larger proportion of Government and railway stock will be held in India than at present. All, these circumstances will increase the importation of bullion, or at least the amount of the circulating medium.

Still, the inference that I draw from the facts I have stated is, that we should not calculate on the inflated prices of 1861-66 being maintained.

Nor is this, I think, altogether to be regretted. High prices are beneficial to Government, in so far as they reduce the burden of a public debt contracted, and to the agricultural classes in so far as they diminish the pressure of assessments fixed when prices were low. But they are injurious to all persons with fixed incomes; they bear hardly on the poor, whose wages seldom rise in the same ratio as prices; and they increase the cost of administration generally. On the whole, it is, I conceive, better that prices in India should tend slowly and gradually upwards towards the general level of prices in Europe than that the sudden and unnatural increase of 1864 should be maintained.

The following table will illustrate the connexion between prices, rates of assessment, and extent of cultivation. It is, as will be seen, very imperfect, but it is sufficiently accurate to serve as an illustration:-

Price Period	Prices Accord- ing to Diagram at p 12 - Seers of Jowari per Rupee	Taluka	Average Rate of Assess- ment per cultivated Acre						Cultivated Area	Remarks
			Normal			According to Realisation				
(1)	(2)	(3)	(4)		(5)				(6)	(7)
			Rs. A.	P.	Rs. A.	P.		Acres		
I. 10 years before British rule	28	Indápur Bársi	0 15	9 0	9 8	8	182,000			
			0 13	6 0	13 6	6	221,000			
II. Period of "Kamal"  rates	36½	Indápur	0 15	9 0	7 2	2	151,000			
		Pábal	1 0	0 -	-	-	-			
		Sholapur	0 13	3 0	11 0	-	-			
		Bársi	0 15	5 0	12 0	0	183,000			
III. Period of Pringle's Settlement	43	Nasik	0 14	6 -	-	-	77,000	The average of cultivation is incorrect, being more than it really was during the 3rd period. Where I could I have given the real average, in other cases the area cultivated in the 1st year of the Survey Settle- ment.		
		Indápur	0 13	11 0	5 6	134,000				
		Haveli	1 4	0 0	10 6	108,000				
		Pábal	0 15	0 0	10 9	107,000				
		Súpa	0 13	0 -	-	40,000				
		Sholapur	0 11	6 0	9 3	316,000				
		Bársi	1 0	3 0	13 9	123,000				
		Karmala	0 12	0 0	6 4	189,000				
IV. Period. Introduction  of Survey Settle- ment	56½	Nasik	0 15	0 -	-	-	-			
		Indápur	0 5	0 -	-	-	-			
		Haveli	0 9	1 -	-	-	-			
		Pábal	0 9	3 -	-	-	-			
		Súpa	0 6	1 -	-	-	-			
		Sholapur	0 6	7 -	-	-	-			
		Bársi	0 8	11 -	-	-	-			
		Karmala	0 6	6 -	-	-	-			
VII. Period. last five years of Settlement	18	Nasik	-	0 11	9	124,000				
		Indápur	-	0 4	7	260,000				
		Haveli	-	0 8	8	142,000				
		Pábal	-	0 8	1	181,000				
		Súpa	-	0 5	10	157,000				
		Sholapur	-	0 6	5	370,000				
		Bársi	-	0 7	2	278,000				
		Karmala	-	0 5	10	293,000				
VIII. Period: 1870-74  and	27½	Nasik	1 3	10 -	-	-	-			
		Indápur	0 7	4 -	-	-	-			
		Haveli	0 15	1 -	-	-	-			
		Pábal	0 12	10 -	-	-	-			
		Súpa	0 8	3 -	-	-	-			
		Sholapur	0 11	9 -	-	-	-			
		Bársi	0 11	11 -	-	-	-			
		Karmala	0 8	0 -	-	-	-			
IX. Period: September 1874	50	Karmala	0 8	0 -	-	-	-			

Imperfect as they are, these figures speak for themselves. The mean average rate of assessment during the third price-period I have taken was Rs. 1-0-6. This rate was lowered by the survey to a mean average of Rs. 0-8-4, or very nearly one-half. But in addition to this great reduction of rates, prices raised between 1835 and 1865 by more than one-half, so that in reality the pressure of the assessment in the last years of the original survey settlement was less than *one-fifth* what it was in 1830-36. 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, realisations at the end of the term of the original settlement being Rs. 7,77,000 against about (I have not the exact figures) Rs. 6,50,000 during the third period I have taken.

The argument, however, that this great increase in cultivation and in revenue was caused by a reduction in the pressure of the assessment

must not be pushed too far. It is certain that a much smaller reduction in the pressure of assessments than one of four-fifths would have been quite sufficient to produce the results aimed at, and this is shown by the fact that cultivation had almost reached its limit, that almost all arable waste had been taken up at the commencement of the third decade of the settlement, 1857-61, when the price of jowari in Indápúr was 35 seers.

The revised rates of assessment then were, as will be shown below, not too high for the inflated prices of 1861-66. But the question is, are they likely to prove too high now that it is clear that those prices will not be maintained?

The following table, illustrative of the comparative pressures of the assessment at different periods, may perhaps assist us to answer this question:-

TABLE showing the Pressure of Assessment at different Rates of Prices and of Assessment, assuming the Mean Produce of Jowari in the Deccan to be 5 maunds = 200 seers, the acre.

Price Period as per Diagram at page 12	Price Seers per Rupee	Produce worth per Acre			Mean Assessment Rate per Acre			Percentage of Assess- ment to Produce
(1)	(2)	(3)			(4)			(5)
		RS.	A.	P.	RS.	A.	P.	
III	43	4	13	6	1	0	6	$\frac{22.17}{100}$
IV	$56\frac{1}{2}$	3	8	7	0	8	4	$\frac{14.70}{100}$
V	$45\frac{1}{2}$	4	6	4	0	8	4	$\frac{11.82}{100}$
VI	35	5	11	5	0	7	5	$\frac{8.11}{100}$
VII (a.)	18	11	1	9	0	7	5	$\frac{4.17}{100}$
VII (b.)	18	11	1	9	0	11	9	$\frac{6.16}{100}$
VIII	$27\frac{1}{4}$	7	5	5	0	11	9	$\frac{10}{100}$
IX	50	4	0	0	0	11	9	$\frac{18.35}{100}$

This table must be taken as merely illustrative of the varying pressure of assessments. I have not the materials necessary to frame a really accurate table, and am somewhat doubtful if it would be possible to compile them. The following points should be borne in mind:-

1. Five maunds of jowari is perhaps rather too high an average mean yield per acre for the Deccan. But the value of the straw has not been included, and the Indápur prices are rather lower than the real average of the Deccan prices, so that the proportions of assessment to produce given are not very far from the truth.

2. The mean assessment rate given for period III, Rs. 1-0-6, is the nominal rate. The mean rate of realisations is much lower, about Rs. 0-10-6 or Rs. 0-11-0. It must, however, be remembered that during this period the people paid large sums, in addition to the revenue realisations, as direct "haks" and in all sort of illicit exactions.

3. On the other hand, the people are now paying the local fund cess of 1 anna in the rupee, or about 6 1/4 per cent in addition to the Imperial assessment.

4. For the seventh period, or close of the original settlement, I have shown the pressure of the revised as well as original rates.

5. It will be seen that in the sixth and seventh periods the mean survey rate fell from Rs. 0-8-4 to Rs. 0-7-5, owing to the cultivation of unassessed land.

This table shows:-

(a) That the revised rate of assessment with prices at 18 seers, and including local fund, is about one eighth lighter than the old rate of assessment was at the beginning of the third decade of the settlement with prices at 35 seers; which rate has been proved to be low enough to produce all the benefits which a moderate settlement causes.

But (b) the revised rate with prices at  $27\frac{1}{4}$  seers is about one fifth higher than the old rate at the beginning of the third decade of the settlement, and, allowing for Local Fund, is very nearly as high as the old rate during the second decade of the settlement with prices at 45 1/2 seers, when the condition of the country was improving indeed, but only slowly.

And (c) if prices keep as low as in the present year the revised assessment will be heavier, not only than at any period during the original settlement, but than (allowing for Local Fund now and for remissions during period III) even during the period of Mr. Pringle's settlement, when assessments were notoriously oppressively heavy, and the country in a most depressed state.

Other arguments also seem to me to show that an unduly large increase has been made in the revised assessments.

A sudden increase of as much as 50, 75, or 100 per cent. in the assessment of a taluka or group of villages, though it may bring assessments only up to a pitch with which the people were perfectly satisfied 10 or 20 years before, must still produce considerable inconvenience, and perhaps hardship, for it not only diminishes suddenly the amount which a ryot has become accustomed to spend on his living - in other words, his "standard of comfort" - but it causes a great change for the worse in his relation with his sowkar, a matter of no small importance. This consideration seems to me to have been somewhat overlooked.

I myself hold very strongly the theory of the Bombay settlements as opposed to that of a permanent settlement. It appears to me essential for the good financial administration of India that the State revenue from land shall rise in some proportion to the natural "unearned increment" of rent, which occurs in all progressive states; and no one can study the discussions on this subject

which are now going on in England without perceiving that modern economists all admit this theory, though it is also generally admitted that in Great Britain the State has parted with its claim to participate in this increase which is not the case in the Bombay Presidency; but then it is equally clear that the increase of State revenue should not at any rate exceed the ratio of the natural increment of rent. Now an increase of 25 per cent at the close of each 30 years' settlement amounts to an increase of more than 90 per cent in a century. I doubt if the natural increment of rent will be in a greater ratio than this. I have not been able to find in any book to which I have access an estimate of the ratio of the increase of agricultural rents in Great Britain, but I should doubt if they have trebled in the last century, and this includes the large increase due to improvements, which our survey law wisely excludes from consideration in deciding on enhancement of State assessment.\*

It cannot, I think, be questioned that on a revision villages or tracts of country which during the term of the settlement have been specially benefited by the construction of railroads and roads, or by proximity to large markets, should bear a proportionately higher assessment in consequence. But it seems to me that this has been overdone. In Haveli Taluka, for instance, the maximum dry-crop rate in outlying villages was raised from Rs. 1-6-0 to Rs. 1-8-0, but in the villages close to Poona to Rs. 3-8-0. Difference of prices and markets cannot surely account for so very large a difference of rate, and I cannot but think that there has been some confusion between the agricultural value of land near large markets and its possible building value.

Finally, in comparing the results of our revised settlements made on the "field assessment" principle with those of other provinces settled on the "Mahalwar" system, or system of assessment of an estate in the lump, I would point out that the assessment in the first year, not in the last year, of the original settlement should be taken for purposes of comparison for on the "Mahalwar" system the revenue does not rise during the term of settlement from the cultivation of waste land; on our system it does rise, and very considerably. In the eight Deccan talukas examined in this paper, revenue rose from the cultivation of waste during the term of settlement from Rs. 6,44,000 to Rs. 7,77,000, or 22 per cent. This increase alone, putting out of sight all enhancement of rates, is, I believe, as large as the enhancement usually made of late years on a revision of settlement in the North-West Provinces.

The conclusion to which an examination of this question has on the whole led me is that, though a great deal of nonsense has been talked about the exorbitant amount of our assessments though the Survey officers, looking at the inflated prices of 1860-70, had much justification for the enhancement of rates they proposed, and though the distressed condition of the agricultural population generally, which undoubtedly exists, is due, not to over-assessment, but to another cause - their lamentable indebtedness; yet the enhancements of assessment already made have undoubtedly been far too great, and that Government might with advantage lay down as a general rule that the enhancement on a revision of settlement in the total demand on any taluka should not exceed 25 or 30 per cent.

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\* It is fair, however, to say that the agricultural rental of Scotland is said to have risen from two millions sterling to  $5\frac{1}{4}$  during the 20 years of the great French war, 1795 to 1815.

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

Name of District	Name of Taluka	1865-66			1866-67 to 1868-69			1869-70			1870-71		
		Notice Fees	Interest	Fines	Notice Fees	Interest	Fines	Notice Fees	Interest	Fines	Notice Fees	Interest	Fines
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Poona	Junnar	RS. A. P.	RS.	RS.	RS.	RS.	RS.	RS. A. P.	RS. A. P.	RS.	RS. A. P.	RS. A. P.	RS.
			-	-	-	-	-	-	-	-	159 0 0	15 11 0	-
	Indápur	48 8 0	-	-	-	-	-	67 0 0	-	-	511 0 0	4 3 0	-
	Khed	-	-	-	-	-	-	59 0 0	-	-	292 0 0	55 10 2	-
	Purandhar	-	-	-	-	-	-	13 0 0	-	-	34 0 0	5 14 2	-
	Bhimthari	-	-	-	-	-	-	-	-	-	454 0 0	9 3 6	-
	Sinur	6 0 0	-	-	-	-	-	76 0 0	44 2 6	-	128 0 0	79 3 1	-
	Haveli	-	-	-	-	-	-	70 6 0	-	-	110 0 0	29 4 0	-
Mawal	-	-	-	-	-	-	-	177 2 0	54 13 6	-	244 14 0	48 10 0	-
	Total	54 8 0	-	-	-	-	-	462 10 0	99 0 0	-	1932 14 0	247 10 11	-

(Contd.)

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 (Concl'd.)

Name of District	Name of Taluka	1871-72				1872-73				1873-74				1874-75			
		Notice Fees		Interest		Fines		Notice Fees		Interest		Fines		Notice Fees		Interest	
(1)	(2)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)				
Poona	Junnar	RS. 287 0 0	RS. 28 12 0	P. -	RS. 406 0 0	RS. 28 6 4	P. -	RS. 466 0 0	RS. 127 11 0	P. -	RS. 67 12 0	A. -	P. 23 0 0				
	Indapur	369 0 0	42 1 0	-	2944 0 0	16 12 6	-	2586 0 0	40 7 0	-	432 12 1	2 7 0	8 6 6				
	Khed	364 0 0	255 9 0	-	548 0 0	36 14 2	-	599 0 0	217 10 0	-	311 8 0	13 6 0	90 5 0				
	Purandhar	159 0 0	5 4 0	-	259 0 0	71 13 0	-	403 0 0	113 3 0	-	13 4 0	153 2 0	-				
	Bhimthari	584 0 0	113 1 1	-	3329 4 0	42 7 9	-	1206 14 6	25 1 6	-	1580 6 0	14 13 1	49 0 9				
	Sirur	511 0 0	48 12 0	-	328 0 0	19 7 0	-	847 8 0	142 2 9	-	544 10 4	44 8 0	6 9 6				
	Haveli	494 8 0	40 1 0	-	776 0 0	8 12 0	-	827 0 0	36 12 0	-	827 2 0	-	298 2 0				
	Mawal	248 8 0	21 15 6	-	1382 5 0	67 3 6	-	629 8 4	41 12 8	-	22 8 0	48 14 0	3 0 3				
Total		2817 8 0	553 7 7	-	9972 9 0	286 12 3	-	7564 14 10	744 11 11	-	3799 14 5	277 2 1	18110 0				

## ABSTRACT

Total Amount of Notice Fees for the District from 1865-66 to 1874-75

Total Amount of Interest for the District from 1865-66 to 1874-75

Total Amount of Fines for the District from 1865-66 to 1874-75

RS.	A.	P.
26,604	14	3
2,208	12	9
481	10	0

**POONA COLLECTORATE. RETURN showing the Result of Revenue Processes issued for the Recovery of Government Revenue from Defaulting Ryots in the Last Three Years**

Talukas	Year	No. of defaulting Ryots	Amount due			Property Attached, and the Sale Proceeds at auction								Remarks
						Area of Land		Assessment		Sale-proceeds				
(1)	(2)	(3)	(4)			(5)		(6)		(7)				(8)
Indápúr	1872-73	81	RS. 845	A. 15	P. 0	Acres 1127	G. 20	RS. 395	A. 12	RS. 653	A. 15	P. 0		
	1873-74	170	4146	9	8	6589	26	2966	4	1805	2	10		
	1874-75	82	1057	5	3	2722	1	1499	22	1186	4	6		
Haveli	1872-73	8	70	9	0	173	14	75	13	94	3	0		
	1873-74	39	277	12	9	606	27	580	7	86	11	3		
	1874-75	88	2097	1	4	2455	11	2758	4	274	13	0		
Sirur	1872-73	2	38	12	0	138	35	38	12	49	0	0		
	1873-74	53	856	6	3	1840	32	1295	4	788	7	3		
	1874-75	27	756	2	6	1112	0	1040	10	444	14	0		
Bhimthari	1872-73	-	-	-	-	-	-	-	-	-	-	-		
	1873-74	4341	82421	5	10	200519	12	135646	1	1510	10	2		
	1874-75	148	1976	2	9	3825	0	2401	8	686	13	0		

**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**  
**Taluka Bhimthari**

Name of Village	No. of Khatas	Outstanding Balance			Survey Numbers Attached and the Amount recovered from their Sale								Amount recovered from the Sale of moveable Property	Remarks		
					Survey No.	Area	Assessment	Amount recovered from the Sale of Land								
(1)	(2)	(3)			(4)	(5)			(6)			(7)			(8)	(9)
1. Súpa	51	RS. 444	A. 5	P. 0	83	Acres 2174	G. 28	RS. 955	A. 8	RS. 67	A. 6	P. 0	RS. -	A. -	P. -	Of these 76 Nos measuring 2,045 acres, assessed at Rs. 910, have been purchased by Government at a nominal price of 1 anna.
2. Dhond	87	1689	13	8	215	5351	25	3042	14	124	4	0	-	-	-	Of these 203 Nos. measuring 5,024 acres, assessed at Rs. 2,917-14-0, have been purchased by Government at a nominal price of 1 anna.

(Contd.)

## STATEMENT (Concl'd.)

Name of Village	No. of Khatas	Outstanding Balance			Survey Numbers Attached and the Amount recovered from their Sale								Amount recovered from the Sale of moveable Property			Remarks	
					Survey No.	Area		Assessment		Amount recovered from the Sale of Land							
(1)	(2)	(3)			(4)	(5)		(6)		(7)				(8)			(9)
3. Khedgaum	94	1859	12	8	288	4110	39	3085	12	18	0	0	32	0	0	Of these 288 Nos. measuring 4,111 acres, assessed at Rs. 3,085-12-0, have been purchased by Government at a nominal price of 1 anna.	
4. Dahitne	86	1886	9	7	144	3275	33	3438	6	22	3	0	-			Of these 143 Nos. measuring 3,254 acres, assessed at Rs. 3,420-0-0, have been purchased by Government at a nominal price of 1 anna.	
5.Ambikhurd	1	4	4	0	1	26	13	4	0	4	8	0	-			Of these 111 Nos. measuring 3,019 acres, assessed at Rs. 1,273-3-0, have been purchased by Government at a nominal price of 1 anna.	
6. Kurkamb	48	780	13	2	114	3079	6	1318	8	34	14	0	-			Of these 487 Nos. measuring 8,396 acres, assessed at Rs. 8,686-12-0, have been purchased by Government at a nominal price of 1 anna.	
7. Warwand	187	5012	5	0	488	8400	17	8692	12	40	15	2	-			These holdings have been purchased by Government at a nominal price of 1 anna.	
8. Kolwali	15	54	13	6	17	386	10	133	4	1	1	0	-				
9. Rawangaum	42	728	12	2	94	1868	21	1098	7	5	14	0	-				
10. Baburdi	11	157	12	11	18	544	35	260	8	1	2	0	-				
11. Rahu	134	4549	13	6	405	9343	35	7559	6	25	5	0	-				
12. Girim	49	696	10	2	301	1470	19	1250	0	18	13	0	-				
13. Padvi	78	864	3	2	239	4626	28	1593	3	14	15	0	-				
14. Siraupal	210	2474	2	8	562	4751	2	4151	15	35	2	0	-				
15. Khangaum	134	3184	11	4	380	5247	37	5312	8	23	12	0	-				
16. Jalgaum	3	50	12	2	9	150	37	66	12	0	9	0	-				
17. Pimpalgaum	88	2559	2	0	154	4294	14	4049	12	9	10	0	-				
Total	1,318	27048	7	8	3,512	59103	39	46016	2	445	5	2	32	0	0		



#### IV. - REDUCTION OF ENHANCED ASSESSMENT BY THE GOVERNMENT.

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

The attention of His Excellency the Governor in Council has for some time past been anxiously directed to the effects of the revised rates of assessment introduced into certain parts of the Poona and Sholapur Collectorates.

2. The published reports on which these revisions have been sanctioned by Government show that the revised rates were not, taken as a whole, otherwise than moderate at the time they were imposed.

The following is an abstract of the results obtained:-

Name of Taluka	No. of Culturable Acres under Old Assessment	No. of Culturable Acres under New Assessment	Total Old Assessment	Total New Assessment	Average per Acre under Old Assessment			Average per Acre under Revised Assessment			Percentage Increase on the Whole
(1)	(2)	(3)	(4)	(5)	(6)			(7)			(8)
			Rs.	Rs.	R.	A.	P.	R.	A.	P.	
Indápur	238,135	270,076	81,391	124,700	0	5	5	0	7	4	53
Sholapur	381,882	433,572	174,915	309,630	0	7	4	0	11	4	77
Madhe	-	-	100,580	178,050	-	-	-	0	9	4	77
Bhimthari	190,410	212,703	86,464	146,596	0	7	3	0	11	0	69
Pandharpur	84,273	90,798	36,048	63,979	0	6	10	0	11	3	77
Bársi	248,465	278,609	124,658	207,174	0	8	0	0	11	11	66
Haveli	127,610	146,745	80,965	134,768	0	10	2	0	14	7	66
Pábal	161,240	192,411	102,228	152,108	0	10	1	0	12	7	48
Súpa (Petta)	147,244	159,227	59,926	78,788	0	6	6	0	7	11	36
Karmala	271,194	299,242	110,824	146,890	0	6	6	0	7	6	32

3. Owing to the very remarkable fall in prices that has taken place of late, Government have within the last two years not failed to enjoin on the officers of the survey a policy of moderation. The time has, however, now arrived when it is due to those officers to lay down more precise instructions for their guidance, and to decide the extent to which it will be right to modify past revisions so as to bring them into accord with the limited increases that will be obtained by future revisions.

4. Before proceeding to determine the limits of the increases to be henceforth imposed in Deccan Collectorates, His Excellency the Governor in Council will record briefly the lessons which make it imperative that the right to revise past settlements should not be foregone.

In the first place it must be borne in mind that the original assessments were imposed at a time when the country was in an extraordinary state of depression, when prices were extremely low, and when there were hardly any facilities of communication in the shape of wheeled carriage. It is unquestionable that in all these respects the condition of the country has materially improved. On these grounds alone, it would not, in the general interests of the State, be just to waive the claim to the enhancements which are rightly due, and the liability to pay which has long since been anticipated by the people themselves.

But there is another important consideration which must not be overlooked. The earlier original settlements were effected before the survey system had been matured and organised, and before the officers and their establishments had

acquired the necessary knowledge and experience. The work was consequently exceedingly imperfect as regards measurement and valuation. Without, therefore, abandoning the equitable principles which are the essence of the survey system, it is necessary to correct obvious errors in measurement and valuation, and by this means, to place the earlier settled districts on the same footing as those in which original settlements have been more recently introduced.

5. His Excellency in Council will now proceed to lay down the following precise rules as to limitation of increase. In doing so he has been influenced mainly by the consideration that it is not probable the higher prices which ruled during the last decade of the original settlements will be maintained:-

- 1st. - The increase of revenue in the case of a taluka or group of villages brought under the same maximum dry-crop rate shall not exceed 33 per cent.
- 2nd. - No increase exceeding 66 per cent should be imposed on a single village without the circumstances of the case being specially reported for the orders of Government.
- 3rd. - No increase exceeding 100 per cent shall in like manner be imposed on an individual holding.

6. It is desirable here to state the principles which should be adopted in dealing with the last description of increases. Putting fraud or obvious error in the calculation of the original assessment out of the question, these excessive increases in individual cases will be found to be due to one of three causes:-

- 1st. - To the assessment of land which was deducted by the original survey as unarable and unassessed, but nevertheless included within the limits of the original assessed number.
- 2nd.- To enlargement of the original assessed

number by portions of neighbouring lands unassessed at the original settlement having been, with or without permission, encroached upon by the ryots, and cultivated together with the original assessed numbers.

3rd. - To the alterations that have been made (1) by the adoption of a different valuation scale, and (2) by putting a higher value on the soils themselves.

7.\* A consideration of the first cause turns mainly on the construction to be put on Section XXX of the Survey Act, and on what are to be held to be improvements. It is well known that the practice in making these deductions was exceedingly lax, and that much land really arable was deducted as unassessed, simply from its being then uncultivated and covered with bushes and grass. It is further well known that in the great majority of cases the only outlay that has been incurred by the cultivator in bringing such pieces of land under the plough has consisted in the labour of breaking them up. But, on the other hand, the Survey Act does not prescribe that the expenditure from private resources should be more than a particular sum, while in very many cases it would be impossible to say that the reclamation had not cost more than was at first sight apparent. His Excellency in Council, on the whole, attaches such great importance to maintaining strictly the principle enjoined by law of non-assessment of improvements made by private enterprise, that he is pleased to direct that the same area shall be deducted from each number as unassessed as was allowed at the original settlement.

8. As regards the second cause, His Excellency in Council is of opinion that lands so appropriated must be regularly valued and assessed by the Revision Survey, no matter what increase in assessment may thereby result.

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\*This paragraph was subsequently cancelled under orders of the Government of India.

9. As regards the last cause, it must be borne in mind that the officers employed in the infancy of the survey worked on varying scales of valuation, and that the systems they severally adopted were consequently more or less tentative or experimental. It was not till after the lapse of a few years that the then Superintendents of Survey were able to fix upon a uniform system of valuation, which was subsequently embodied in the joint report. However much, therefore, His Excellency in Council would wish to avoid extreme increases in the assessment on individual holdings, there can be no doubt about the superiority of the joint-report system, and of the absolute necessity for determining and upholding a classification of soils based as far as possible on correct and uniform data.

10. It is understood that the joint-report system was generally adopted a very few years after the introduction of the early assessments, and that consequently no alteration will be required to be made at future revisions. Explanation on this point should, however, be clearly given in future, and also for each future revision in respect to the extent to which it has been found necessary to alter and depart from the classification value originally fixed on the different descriptions of soils. The smallest extent of variation from the old valuation, consistent with the principle laid down in the last paragraph, should be permitted, and the greatest care should be taken to keep the valuation of the poorest and lighter soils low.

11. If the above rules are adhered to, the cases in which the enhancement of the assessment in individual holdings will be found to be in excess of the prescribed limit will probably be very few. In order to prevent excessive individual increases, the fixed standard of valuation must not be abandoned. It will always be optional with Government to remit wholly, or in part, or for a particular period, such proportion of the increase in excess of 100 per cent as may seem necessary;

but the correct value of the land must be carefully ascertained on a uniform basis, and the proper assessment thereon duly calculated and recorded.

12. Lastly, it remains to be considered how the revised assessments that have already been introduced in certain parts of the Poona and Sholapur Collectorates can best be assimilated with the rates that will probably be introduced elsewhere in these Collectorates under the above instructions. In dealing with this question, the fact must not be lost sight of, that the work of the earlier settlements was characterised by greater defects in respect to both measurement and classification than that done after some experience had been acquired. It was, therefore, to be expected that larger proportionate increases would be obtained by the first than by subsequent revisions; and the progressive decreases observable in the figures shown in the table in paragraph 2 are understood to be due chiefly to this cause.

After very careful consideration, His Excellency in Council is pleased to authorise the requisite reductions being made on the following principles:-

1st.\* - Portions of cultivated numbers, hitherto unassessed, are to be deducted as laid down in paragraph 7 above, where it is practicable to do so.

2nd - When this has been done, the maximum rates of the taluka are to be so reduced as to bring the increase in the total revenue demanded of a taluka or group of villages within the limits of 50 per cent. This having been done, any case in which the increase in a village is still above 75 per cent or an individual holding above 100 per cent, should be specially reported for orders, with distinct recommendations from the survey officers whether further alterations are necessary, and if so, how they should be effected.

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\*This clause was subsequently cancelled.

His Excellency in Council is of opinion that, for the reasons given in paragraph 12, this reduction will, in the cases alluded to, be sufficient.

13. His Excellency in Council hopes that in talukas settled subsequent to 1848, little or no field operations will be required, and that the revision of the assessment by a mere re-adjustment of the maximum rates will be found to be all that is necessary.

*Resolution of Government, No. 4,515, dated 11th August 1875, directing a Reduction of Assessment in Taluka Mádha*

Resolution - By Government Resolution No. 2,757 of 9th June 1871, the revision of the original settlement introduced in 1839-40 in the Mádha Taluka of the Sholapur Collectorate was sanctioned. The increase in demand caused by this revision was about 74 per cent, and for reasons fully stated in the Resolution, it then appeared to Government by no means excessive.

2. Since the issue of that Resolution, however, various considerations - the principal of which are the steady fall since 1871 in the prices of agricultural produce, and the probability that prices will range lower during the currency of the revised settlements than was anticipated from their course during the decade 1860-70, when the new rates for Mádha were sanctioned - have determined Government, as far as Poona and Sholapur were concerned, both to limit the increase of assessment to be made in future revisions, and to modify revisions already effected, so as to bring them into accord with those hereafter to be made. Resolution No. 5,739 of 29th October 1874 laid down rules to effect these objects, and by paragraph 12 of that Resolution it was directed that the rates imposed in talukas hitherto revised should be so reduced as to bring the increase over the old assessments within the limit of 50 per cent.

3. The new settlement of Mádha has therefore to be revised in accordance with this principle, and Government have now to determine the extent to which the reduction shall be carried, and the method in which it may most equitably and conveniently be effected.

4. After careful consideration, His Excellency the Governor in Council is pleased to decide as follows upon these points:-

1. The maximum rates per acre imposed by the original settlement were Rs. 0-13-2 $\frac{1}{2}$  for one portion of the taluka, and Rs. 0-12-7 $\frac{1}{4}$  for the other portion. The maximum rates sanctioned for the revision were Rs. 1-4-0 per acre for a group of 15 villages, with special facilities for railway communication, and Rs. 1-2-0 per acre for the remaining 62 villages. These maximum rates must be lowered to Rs. 1-2-0 and Rs. 1-0-0, respectively.

2. The reduction thus effected will, in the opinion of Government, be quite sufficient for the more fertile lands. But there is reason to believe that in the classification of Mádha the medium and lower soils have generally been valued somewhat too high in proportion to the better soils. A modification of the valuation scale to meet this defect has therefore been arranged, and should be adopted throughout the taluka.

5. The effect of these alterations will be as follows:-

Cultivated Area by New Measurement.	Old Assessment.	Revised Assessment originally sanctioned.	Assessment now fixed
(1)	(2)	(3)	(4)
ACRES. 303,655	RS. 1,00,631	RS. 1,74,448	RS. 1,42,208

6. The percentage increase of demand on the whole taluka will thus be lowered from 74 per cent to 41 per cent, 15 per cent of the difference being due to the reduction of valuation of the poorer soils, and 18 per cent, to the alteration in the maximum rates.

Of the gross increase of  $41\frac{1}{2}$  per cent, about 19 per cent is due not to increase of rates, but to the assessment of lands left unassessed at the original settlement but appropriated by the cultivators during its term. Such additions, it has been already decided (*vide* paragraph 8 of Government Resolution No. 5,739 of 29th October 1874), must be now assessed.

The average rate of assessment per acre will be annas 7-6, against about annas 6 under the original settlement, and annas 9-4 by the revised rates at first sanctioned.

And the rates of assessment will vary from Rs. 1-2-0 per acre on the best and most favourably situated lands to pies 9 per acre on the poorest soils capable of cultivation.

7. For the following reasons His Excellency the Governor in Council is of opinion that the rates now imposed are extremely moderate, and the increase in assessment the least that in justice to the rest of the country can be made.

8. Before the introduction of the original settlement in 1839 the nominal average rate of assessment was about  $12\frac{1}{2}$  annas an acre; the realisations, deducting remissions, averaged about  $7\frac{1}{2}$  annas an acre, to which must be added haks and illicit exactions to a considerable amount. The price of the staple, jowari, for the five years preceding 1839 was about 65 seers the rupee. For the first 10 years of the original settlement, during which period the taluka increased rapidly in prosperity, the average price

was about 55 seers, the average assessment rate being 6 annas. During the last decade of the original settlement the price averaged 25 seers, but for the last year or two it has fallen to from 35 to 40 seers. Assuming that the average price for the future will be as low as 40 seers, the weight of assessment will be much less than half that of the old nominal rate before 1839, about 30 per cent less than that of the actual realisations, and considerably lighter than that of the original survey assessment when introduced.

9. Independently of prices, the increase in the population, material wealth, and value of land in Mádha during the last 30 years would justify an increase of assessment. Population has increased 26 per cent, plough cattle 15 per cent, ploughs 38 per cent, wells 65 per cent, carts 204 per cent, cultivation has increased 35 per cent, and the amount of arable waste land is only 170 acres out of over 300,000. And whereas at the introduction of the original settlement it was stated that ordinary Government land had no saleable value, such land was found at the revision to be selling at 12 to 15 times its assessment.

10. At the introduction of the original survey the means of communication were extremely defective. The railway of course did not exist, and there were hardly any roads passable for carts. The railway now passes through a portion of the taluka, and it is traversed by several good roads; the enormous increase in the number of carts shows the improvement in communications, which means of course a better market for produce.

11. It has been estimated by the Revenue and Survey Commissioners that, taking into consideration the bad seasons common in this part of the Deccan, the average out-turn per acre of jowari, the staple of the taluka, is at least lbs. 160, or 2 maunds, and some authorities put it at double this. At this very low estimate the value of the produce of the taluka at 40 seers the rupee would be (Rs.

2 x 300,000 acres) about 6 lakhs of rupees. But as the straw, which is valuable, has not been included in this computation, and as about  $\frac{1}{5}$  of the arable area is under crops-sugar, rice, cotton, &c. - more valuable than the staple grains, at least 3 lacks should be added to the above estimate. According to this, the revised assessment now fixed represents only between  $\frac{1}{6}$  and  $\frac{1}{7}$  of the gross produce of the taluka. Again, if the whole taluka was let out by the landowners at a grain rental of  $\frac{1}{3}$  the produce, which is the usual rate, the assessment would amount to less than  $\frac{1}{2}$  the rent.

12. On the whole, then, the settlement now sanctioned must be considered an extremely light one. It only remains to inquire whether these rates will cause an inadmissible increase in particular villages.

13. The chief doubt is regarding the 15 villages placed in the higher or Rs. 1-2-0 group. These were formerly the villages worst off in point of facilities for communication, and were consequently very lowly assessed by the original settlement. They are now close to railway stations, and for this reason have properly been assessed at a special rate somewhat higher than that of the rest of the taluka. Hence in them the increase in assessment is 61 per cent., against 41 per cent in the taluka generally, and two of them have been raised as much as 152 and 110 per cent, respectively. This is partly due to the assessment of encroachments. But the valuation of some of these villages is very high. The average classification of some, for instance, appears, to be 13 or 14 annas out of 16, and though it is understood that the land of these villages consists almost entirely of alluvial soil of remarkable fertility, yet this valuation for the Deccan is unusually high. Colonel Francis should, if he has not already done so, specially inquire into and report on the classification of these villages. If it is wrong, it must

be corrected; but if, on the other hand, it is accurate, an average rate of 14 or 15 annas cannot be considered as other than very moderate for land of such fertility as this classification indicates. Government will decline to make any further reduction, and the people should consider themselves very fortunate in having enjoyed their land so long at wholly inadequate rates.

*Resolution of Government, No. 4,980, dated 30th August 1875, directing a reduction of assessment in Taluka Bhimthari.*

RESOLUTION. — The Survey and Settlement Commissioner, N.D., now submits proposals regarding the reduction of the revised assessments of Taluka Bhimthari of the Poona Collectorate, sanctioned by Government Resolution No. 5,918 of 30th November 1872, in accordance with the principles laid down by Government Resolution No. 5,739, of 29th October 1874.

2. It will be well, before considering the proposals of the Survey Commissioner, to recapitulate briefly the facts connected with the revenue history of this taluka which guided Government in deciding on the revised rates of assessment sanctioned in 1872.

3. The original survey settlement was introduced in 1839 and 1840. At that time the condition of the taluka was represented as most deplorable. "I am at a loss", says Lieutenant Nash, the settlement officer, writing in 1838, "to convey the idea of poverty and ruin which I have received during my residence here". Several causes - the ravages of Holkar's army in the beginning of the century, the dreadful famine which followed that campaign, and was repeated two or three times in the next 20 years, the violent epidemic of cholera which raged about 1820, the heavy fall of prices after the introduction of British rule, and the consequent oppressive weight of the old Mahratta rates of assessment - were assigned by the settlement officers as having all contributed to

produce this lamentable result. More than half the arable land of the taluka was waste, and much of it covered with thick thorny jungle difficult to eradicate. The average rate of Government assessment was about  $13\frac{1}{2}$  annas an acre, in

addition to "haks" and illicit exactions to a considerable amount, but so utterly pauperised were the people that the realisations of revenue averaged hardly half of the nominal assessment. In the ten years immediately preceding the settlement the actual annual collections averaged only Rs. 26,661; not less than Rs. 13,567 were annually remitted, and in addition nearly a lakh of rupees were outstanding, and were finally written off on the introduction of the settlement.

4. To remedy this state of things Government determined, on the introduction of the Survey Settlement, which gave the peasantry generally for the first time the advantages of fixity of tenure and of Government demand, to reduce very considerably the existing rates of assessment. The maximum rates adopted varied in the two divisions of the present taluka from  $13\frac{1}{4}$  annas to 15 annas an acre, to allow for climatic differences; but they gave an average rate on the area then cultivated of annas 7 per acre against the old nominal rate of annas  $13\frac{1}{2}$ , and the people were still further relieved, by the abolition of direct "haks" and cesses in 1844.

5. The effect of the settlement, both financially and on the condition of the people, was most satisfactory. Nearly half the waste land was taken up in the first year, and the actual annual collections for the first decade of the term averaged Rs. 43,407, for the second decade Rs. 57,850, and for the last decade Rs. 72,588, against Rs. 26,661 for the decade immediately preceding the settlement. The assessment of cultivated lands in the last year being Rs. 81,475, the effect of the Settlement has been to more than treble Government revenue.

6. The condition of the people improved equally with the Government revenue. In 1838 more than 50 per cent of arable land was waste; in 1871 only 1 per cent. Population increased during the term of the settlement  $39\frac{1}{2}$  per cent,

agricultural cattle 19 per cent, ploughs  $22\frac{1}{2}$  per cent, carts 270 per cent, and wells 40 per cent. Government land was unsaleable in 1838; during the last five years of the settlement, examination of the registration records showed that it fetched from 10 to 52 times its assessment. Thirty years ago there were no made roads, and communication was costly and difficult; the taluka is now traversed by the railway and by several excellent roads, and the increase in the number of carts indicates the extent to which the people avail themselves of the new facilities of communication with markets.

7. The staple products of the taluka are jowari and bajri. In the first decade of the settlement the prices of these grains at Yewat, the principal local mart, averaged  $45\frac{1}{2}$  and  $36\frac{1}{2}$  seers per rupee, respectively, having been for three years of that period as low as 64 and 52 seers. In the second decade, 1851-60, they averaged 36 and 29 seers, and from 1861 to 1870 only  $19\frac{1}{3}$  and 15 seers.

Prices, therefore, more than doubled, and the pressure of the assessment originally imposed was reduced more than one half during the term of the settlement.

8. Looking to the great increase in the prosperity of the district, to the immense rise in prices, to the greater demand for and consequently enhanced value of land, and to the improvement in means of communication with markets, Government were of opinion, when the term of settlement expired, that the taluka could well bear a considerable enhancement of assessment. The measurement and classification of the taluka having been revised, the 53 villages which are

comprised in it were arranged in four groups with reference to the climate of each village (the rainfall in the eastern portion of the district being scantier and more uncertain than in the western) and to its proximity to markets, and for each group a maximum dry-crop rate of assessment of Rs. 1-12-0, Rs. 1-8-0, Rs. 1-4-0, or Rs. 1-2-0 was fixed in lieu of the original maximum rates of annas 15 and annas  $13\frac{1}{4}$ .

9. The result was to raise the total assessment from Rs. 81,475 to Rs. 1,33,131, or about 63 per cent. About 22,000 acres were found, however, on re-measurement, to be held in excess of the old measurements, and the real increase of rates was thus about 53 per cent. The old nominal average rate was annas 7-3 per acre, but the real rate, including land held unassessed in excess of the recorded area, was annas 6-6, and this was raised to an average of annas 10-8.

10. The revised rates were approved on the assumption that the average price of the two staple grains during the currency of the revised settlement would not be lower than 26 and 20 seers per rupee respectively,\* or about 25 per cent below the average prices for the last decade of the original settlement. For reasons given in paragraph 23 of the Survey Commissioner's Report No. 1,636 of November 28th, 1871, it appeared reasonable to anticipate that a greater fall in prices than this would not occur, and if this anticipation had proved correct the revised rates would not, in the opinion of his Excellency in Council, have been by any means excessive, since, taking prices alone as the criterion, and leaving out of sight all other considerations which might justify an increase of demand, the pressure of the new rates would have been about 20 per cent lighter than that of their original rates, under which the district so greatly improved during the first 10 years of their currency.

11. Experience has, however, shown that the effect of the economical causes which now tend to produce a fall in prices was under-estimated. Recent local prices in the Yewat market are not forthcoming, but they appear to average about 10 per cent lower than at Poona, and the prices of jowari and bajri in the Poona market for the last 18 months have averaged 30 seers and 23 seers, respectively. The incidence of the assessment is consequently about 20 per cent heavier than in 1872 it was calculated that it would be.

12. His Excellency the Governor in Council is of opinion that the estimate of probable average prices of produce during the term of the revised settlement on which the rates were based is likely to prove too high, and he therefore considers it right that the new assessment shall be largely reduced.

13. As there seems to be no reason to question the correctness of the grouping of villages according to their maximum rates, Colonel Francis proposes to effect the reduction in the following manner, on the same principle as has been adopted for the taluka of Mádha, in Sholapur:-

- (a.) The maximum dry-crop rates to be reduced by 2 annas all round, being fixed at Rs. 1-10-0 to Rs. 1-0-0, instead of at Rs. 1-12-0 to Rs. 1-2-0. This measure will lower the revised assessment from Rs. 1,33,131 to Rs. 1,22,527 and will reduce the percentage increase over the old assessment from 63 per cent to 50 per cent. This, Government concur with Colonel Francis in thinking, will afford sufficient relief to the better soils, but there is some reason to believe that by the scale of classification adopted for the revised settlement, the medium and poorer soils have been valued somewhat too high in proportion to the more fertile lands, and Colonel Francis therefore proposes-

\* *Vide* para. 3 of Government Resolution No. 5,918 of 80th November 1872.



(b.) A modification of the valuation scale such as has been sanctioned for Mádhā to meet this difficulty. This measure will further lower the new assessment to Rs: 1,11,468, and will reduce the percentage increase on the old assessment to 37 per cent, the new average rate being thus annas 8-11 per acre, against annas 6-6.

14. This increase, it will be observed, is much less than that which was declared to be generally permissible by paragraph 12 of the Government Resolution No. 5,739 of 29th October 1874, and even supposing prices to remain as low as they are at present, the pressure of the revised assessment will be considerably less than that of the original settlement at its introduction. But Government concur with Colonel Francis in considering that the extreme uncertainty of the rainfall in Bhimthari renders it advisable to treat this taluka with special liberality. Even with the extremely moderate rates now imposed, the financial results of the Survey Settlement in Bhimthari cannot be considered other than satisfactory, since the annual realisable revenue will have more than quadrupled in 40 years.

15. On none of the four groups of villages will the increase in assessment be higher than 46 per cent, and in one village only is it as high as 69 per cent. The special measures contemplated in paragraph 12 of the Resolution of 29th October 1874 will not, therefore, be required, but Colonel Francis should report any instances of excessive increase on individual holdings which may appear to him to call for special treatment. On the other hand, there are two villages in which the old rates will be reduced by 28 per cent and 10 per cent, respectively; but with regard to the first of these villages Colonel Francis has formerly reported that, owing to a manifest error in the original survey valuation, it has been hitherto

assessed nearly 40 per cent higher than it should have been in comparison with neighbouring villages.

16. In sanctioning these proposals, his Excellency the Governor in Council desires that Colonel Francis will use his utmost efforts that the corrected rates may be brought into operation in as many of the revised talukas as possible at the ensuing Jamabandi. Government will be glad to sanction any increased establishment that may be required for this purpose.

*Resolution of Government No. 5,200, dated 11th September 1875, directing a reduction of assessment in Taluka Indápur.*

RESOLUTION - These papers contain the proposals of the Survey Commissioner, N.D., for the correction of the revised assessment of the Indápur Taluka in accordance with the principles laid down in Government Resolution No. 5,739 of 29th October 1874.

2. Indápur was the first taluka to come under the revision settlement, and all points connected with the past revenue history, past and present condition, and revenue-paying capacities of the taluka, were fully and exhaustively discussed in the correspondence ending with Government Resolution No. 1,211 of 27th March 1868, which sanctioned finally the revised assessments. It is not, therefore, needful to recapitulate the considerations which led the then Government to decide on the rates of assessment now in force. Suffice it to say that the Secretary of State (paragraph 3 of his Despatch No. 47 of 25th June 1868) approved of them in the following terms :--

"No room is left to doubt that the new rates have been fixed at an amount fully justified by

the improved circumstances of the district, and even below that which the average prices of the last few years may have seemed to require."

3. Since the revised settlement was introduced, and the above-cited despatch was received, prices have fallen greatly, and it is the strong probability that they will, during the term of the settlement, range lower than was anticipated when the rates were fixed that has induced his Excellency the Governor in Council to determine on a reduction of assessment originally by no means excessive.

4. During the long discussion which ended with the Resolution of October last, it appeared to be the general opinion of the revenue officers most competent to form a judgment that the maximum rates imposed in Indápur are not too high, even with the lower prices now prevailing, but that the medium and poorer soils have been valued too high in comparison with the best lands. Colonel Francis, in his present proposals, has adopted this view. The maximum rates sanctioned for Indápur were, for the Kasba town itself, Rs. 1-2-0 per acre, and for the rest of the taluka Rs. 1-0-0 or Rs. 0-14-0, according to the climate or situation of each village. These rates are 2 annas lower than the corrected maximum rates lately sanctioned for the Mádha Taluka of Sholapur, which in climate has a slight advantage over Indápur, and than those recently adopted for that portion of the Bhimthari Taluka of Poona, the average rainfall of which is little better than that of Indápur, and they may stand; and to these maximum rates the reduced scale of valuation for the lower and medium soils already approved for Mádha and Bhimthari may be applied.

5. The result will be as follows:-

The original survey assessment of the 78 villages now included in the taluka was Rs. 81,184, and the average rate per acre annas 4 pies 10. The assessment was raised by the revision to Rs. 1,25,845, and the average rate to annas 7 pies 7, an increase of 55 per cent. By the modification now sanctioned, the total assessment is reduced to Rs. 1,13,142, and the average rate per acre to annas 6 pies 9, the increase over the original assessment being reduced to 39 per cent.

6. Colonel Francis, however, explains that for three villages, Nos. 34, 40, and 59, he has lowered the valuation scale one class all round, instead of reducing the classification of the medium and lower soils only. Unless the Survey Commissioner had reason to believe that the standard of classification generally in these villages was high, Government do not approve of this, as it clearly amounts to valuing them unduly low as compared with other villages of the taluka. But Colonel Francis states that he can personally answer for the correctness of the classification of these villages, and this being the case Government see no reason for assessing them lower than the rest of the taluka.

#### 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.*

The following is an abstract of the results of the experiments in all the Collectorates:-

Collectorate	Crop	Average Value of Produce per Acre			Average Rate of Assessment per Acre			Proportion of Assessment to Produce
(1)	(2)	(3)			(4)			(5)
		RS.	A.	P.	RS.	A.	P.	
Broach	Jowar	30	13	0	4	7	0	$\frac{1}{7}$
	Wheat	29	10	0	4	7	0	$\frac{1}{6\frac{1}{5}}$
Poona	Bajri	10	10	0	0	11	5	$\frac{1}{14\frac{3}{4}}$
	Jowar	20	12	0	1	1	0	$\frac{1}{19}$
Nasik	Bajri	11	5	0	0	10	8	$\frac{1}{17}$
	Wheat	22	5	0	0	14	10	$\frac{1}{24}$
Nagar	Bajri	8	5	0	0	10	4	$\frac{1}{12}$
Sholapur	Jowar	25	14	0	0	11	9	$\frac{1}{35\frac{1}{4}}$
	Wheat	15	3	0	0	10	0	$\frac{1}{24}$
Kolaba	Rice	24	8	0	3	3	5	$7\frac{3}{4}$
Dharwar	Rice	49	1	0	2	4	10	$\frac{1}{21\frac{1}{4}}$
	Dry crops	25	14	0	0	9	6	$\frac{1}{43\frac{3}{4}}$
Canara	Rice	51	6	0	3	5	0	$\frac{1}{15\frac{1}{2}}$
	Dry crops	23	7	0	0	8	3	$\frac{1}{45\frac{3}{4}}$

In Poona, Nasik, Nagar, Kolaba, and Dharwar the rates of assessment given appear to be those fixed by the original settlement; in Canara and Sholapur the revised rates seem to have been given, and in Broach the rates are the new ones in some of the experiments, and the old ones in others.

I will now make a few remarks upon various points which have occurred to me in looking through these papers:-

1st. - All the officers concerned very justly observe that these experiments are not on a sufficiently extensive scale to be at all

conclusive. The induction from the ascertained produce of perhaps 1/50 part of a field to the produce of its whole area is not to be depended on; still less is the induction from the produce of one field estimated in this manner to the average produce of many thousand fields. At the same time these experiment have been made, evidently with great care by experienced officers, who are able to judge whether they have taken for the trials crops and prices which do represent a pretty fair average of the district or tract of country selected; and they appear to me to be far from valueless. They at any rate show that, making all the allowances and

corrections which the Revenue Commissioner, Southern Division, has shown should be made on considerable number of fields selected as representing a fair average of a good many districts, the proportion of assessment to produce is hardly ever more than  $\frac{1}{6}$  and generally very much less; and they at least refute the random assertions which have been lately made that Government assessment in this Presidency represents  $\frac{1}{3}$  or  $\frac{1}{2}$  of the gross produce. I may also mention that the results for Broach (making allowance for what I believe to be a fact, that the pitch of assessment in Broach has always been exceptionally high) agree very closely with estimates which I once made while a settlement officer in Guzerat, and which were published in early numbers of the "Indian Economist." And I would also notice that the general results are very fairly corroborated by the statements made in the 2nd chapter of the pamphlet recently published by the "Poona Sarvajanic Sabha". In that chapter, inquiries made from the ryots themselves as to the value of produce and rates of assessment in different parts of the country are summarised. The examples given are of course selected to show instances of over assessment. But, making the allowances taken by the authors themselves for bad seasons, the average proportion in all seasons of assessment to produce is only  $\frac{1}{6\frac{1}{2}}$ .

The suggestion of the Revenue Commissioner that these experiments should be continued for a number of years should, I think, be approved. This will enable us after a few years to make an annual estimate, of the value of the agricultural produce of Presidency. I May mention that this is done in the central provinces, the mode of calculation being as follows:- At the time of settlement the average produce per acre of

different crops was estimated as carefully as possible, by actual experiments and by minute inquiries of the people, by the settlement officers for each district and the results were recorded as a standard. Each year the native revenue officials and collectors submit careful estimates of the proportion (in annas of a rupee) by which each crop of the season exceeds or falls short of the recorded average. The Commissioners apply the information thus obtained to the areas of land cultivated with each crop, which areas, as in Bombay, are given in the annual revenue report of each collector. The average wholesale prices of the year being applied to the quantities of produce thus obtained, a rough, but not altogether untrustworthy, estimate of the total annual value of agricultural produce is arrived at.

2nd. - Several officers remark on the want of any proportion between the quantities of produce given by these experiments and the survey valuation of the fields. The survey officers, however, appear to be quite right in holding that the establishment of any such proportion was not to be expected. The fact is that the survey classification can but give the comparative valuations of different soils on an average, and on the presumption that they are cultivated with similar conditions of tillage; of manuring, of season, &c. Not only, as Colonel Waddington and Colonel Prescott point out, do greater skill and care in the cultivation of poor land often pull its returns up to those of good land, but also it is notorious that, especially in tracts of scanty rainfall, the mere fact of rain falling, favourably or otherwise, with reference to the time of sowing a particular crop, affects its outturn very much. A curious illustration of the effect of a favourable monsoon on produce is given in these very experiments. Karmala, in Sholapur, is represented as generally inferior in productiveness to

Bársi, yet the experiments, which have been conducted with the greatest care, show the proportion of assessment to produce (jowar) as  $1/64.6$  in the former taluka as  $1/144$  in the latter. The explanation is clearly that the season in Karmala was the best that has been known for 40 years.

It would be a great mistake to infer from these experiments that the produce of different qualities of soils does not vary much, and that the survey classification is of little or no value. In the opinion of the people, on the contrary, as is noticed in these papers, the survey valuation is apt to err by making not too much, but too little, difference between the better and the poorer soils.

3rd - Some of the officers who have written in this correspondence seem to have an idea that if the settlement were a perfect one, the proportion of produce which represents the Government assessment would on an average be the same on all soils and in all different districts. It is thought that as our predecessors took, and the chiefs of Kattywar still take, from the cultivators produce rents of  $1/3$  or  $1/4$  the produce, we have nothing to do but to fix our cash assessment at a proportion to the average value of produce of  $1/7$ ,  $1/10$  or  $1/14$ , and we are extremely moderate and quite safe in our demands. Certainly the notion that the assessment should represent a small and uniform proportion of the produce has great vogue at present in the native press and among native politicians, and it is so entirely erroneous, so completely opposed to the leading principle of the Bombay settlement, and so very mischief; that I hope the Chief Secretary will pardon my taking up some of his time in discussing it.

So far from any uniformity in proportion of assessment to produce being either desirable or practicable, it is the fact that on one soil or in one district a proportion of  $1/10$  or  $1/15$  may be heavier and more burdensome than a proportion of  $1/4$  or  $1/6$  on another soil or in another district, and the "reason why" I hope to make clear below.

In the first place a money rent calculated on a fixed share of average produce is not the same thing as a produce rent. The *métayer* or "Battai" system, with many disadvantages, has one great advantage that it is self-adjusting within the agricultural year. If the ryot has a poor crop, he pays but a small rent; if prices are low, the rent he pays, estimated in money, is proportionately low. This is evidently not the case if the share of produce has been commuted for a fixed money payment. That payment may on an average amount to only  $1/10$  of the produce, but in a bad year it may be equal to  $1/3$ , and in reality, therefore, the landlord (or Government, as the case may be) takes from the cultivator a larger proportion of the produce in years in which he can least afford to pay it.

But, secondly, a produce or customary rent differs essentially from what political economists mean by rent. The latter rent "is greatest on the most fertile land, and decreases on worse soils till we come to the worst which can be cultivated, when the cost of cultivation absorbs the whole produce, and no rent can be paid at all". The theory is so well known, and has been so often explained, in standard works on Political Economy, that I will not waste time in expounding it, but I would refer to Sir G. Wingate's admirable paper on the Original Settlement of the Indápur Taluka (published in No. CVII, New Series, of Bombay Selections), which ought to be studied by every revenue officer. In that paper Sir George shows the essential difference between the principle of Mr. Pringle's Deccan settlement, by which a fixed

and uniform proportion of the net produce\* of all qualities of soil was taken as assessment, and the principle of the settlement which he and Mr. Goldsmid first applied. Mr. Pringle's settlement entirely broke down; we know how successful the Wingate settlement has been.

Before applying the theory explained by Sir G. Wingate to the facts of the present experiments, I will first point out what the economic effect of a money assessment calculated on a fixed share of produce must be. It must operate in one of two ways. If the whole land of the country belong to Government and is treated in the same way, and if there is no large importation of food, an assessment, equal to 1/10 the produce of all soils simply raises the price of agricultural produce by 1/10; the assessment is no longer a rent or a rent charge; it is a tax on produce. If this is not the case, if there is a competition in the market of lands not assessed in this way, the worst soils then, which will only just support their cultivators, are kept out of cultivation, for, *ex postulato*, they cannot afford to pay any part of their produce as rent. This partly explains the great increase of cultivation which in tracts containing much waste has followed the introduction of the Survey Settlement. I myself have settled many villages in Khandesh in which the old rate was a uniform one of 4 or 8 annas a bigha. The people did not complain of this rate on the better lands which they already cultivated, but that they could not afford to cultivate the poorer soils, and immediately began to take up the latter lands on the imposition of a properly graduated assessment.

The difference, very broadly stated, between the Pringle and the Wingate system is this: Pringle took an equal proportion of the net produce of all soils for Government; Wingate left an equal return from the net produce of all soils to the cultivators. I will apply the two principles to the cases of Broach and Poona as shown by these experiments.

Assuming the experiments to be trustworthy, the gross produce of an acre of jowari, the food staple of Broach, is worth Rs. 30-13-0; that of an acre of bajri, the food staple of Poona, is worth Rs. 10-1-0. We will assume that in each case Rs. 5 is required to replace seed, agricultural implements, &c.\* Then in Broach, the net produce is worth Rs. 25-13-0, in Poona only Rs. 5-10-0. If 1/10 of gross produce is taken in each case, the Poona cultivator will have Rs. 4-9-0 per acre left for his subsistence and profit, the Broach cultivator will have Rs. 22-12-0. As it is, the Poona cultivator, who pays about 1/13 of his gross produce as assessment, has Rs. 4-14-6 left; the Broach cultivator, who pays 1/7 has Rs. 21-6-0. It would thus appear that the Poona district is really assessed more than four times as heavily as Broach. But then another consideration comes in—the different pressure of the population on the land in the two districts. Broach is much more densely peopled than Poona, and I imagine that the average area of a holding in Broach is about 10 acres, in Poona about 30. If so, the Broach cultivator, paying about Rs. 44 assessment, has about Rs. 213 for his subsistence; the Poona cultivator, paying about Rs. 22, has about Rs. 145. If the differences of cost of cultivation could be ascertained, it is likely that the real pressure of the assessment in the two districts would be found to differ less than this. Besides, the standard of comfort is probably higher in Broach than in Poona.

Put in another way, it is correct to say that assessments are higher in Broach than in Poona because rents are higher, and that rents are higher because there is a greater demand for land.

But it may of course be said that the rents paid by peasants cultivating for subsistence, as in India, are regulated quite differently from rents paid by capitalist farmers cultivating for profit, as in England. Mr. Mill explains the difference very clearly: "The worst land," he says, "which can be cultivated as a means of subsistence is that "which

\*Sir George very clearly explains the difference between net produce, as understood by Mr. Pringle, and rent

\*Of course I do not mean to say that the cost of cultivation does not vary in different districts; but this does not affect the argument.

will just replace the seed and the food and necessities of the labourers employed on it. This supposition leaves nothing for profits, nor anything for the labourers except necessities; it can therefore be cultivated by the labourers themselves, or at a pecuniary loss; *a fortiori* it cannot afford a rent. The worst land which can be cultivated *as an investment for capital* is that which not only replaces the seed and pay the wages of the surplus labourers, but leaves for those who have advanced the wages a surplus equal to the profit which they could have expected from another employment of their capital"; *i.e.*, what regulates the capitalist farmer's rent is the ordinary rate of profit; what regulates the peasant cultivator's rent (not being a customary but a competition rent) is the ordinary cost of his subsistence - in other words, his ordinary "standard of comfort"; and the means of at least supplying him with a subsistence at this ordinary standard of comfort is what Wingate's principle of assessment leaves him.

This leads me to the most important portion of this argument.

The conclusion with which Mr. Knight's vigorous writings have made us all familiar, - that the rates of Government assessment should increase in proportion to a general and permanent rise in the prices of agricultural produce - is based on the assumption that Government assessment is, or should be, a fixed and definite proportion of the gross or net produce. Granting this assumption, the argument cannot be refuted. If the assessment in 1840 averaged in a particular district Rs. 1 an acre, and this was equivalent to 1/10 the produce with grain at 1 rupee a maund, it being assumed that 1/10 the produce is a fair assessment, it is perfectly clear that when, in 1870, grain has risen to Rs. 3 a maund, the assessments should be raised to Rs. 3 an acre. Differences in rates of wages, &c. &c. have nothing to do with the question; if the 1/10 produce is a fair assessment; it is equally fair whatever the price of grain may be.

But the case is entirely altered if we consider the assessment not as a tax of a certain proportion of the produce, but as a rent regulated and determined by the ordinary standard of comfort among the peasantry at a particular time. If in 1840 the ordinary subsistence of a peasant was represented by the then equivalent of 10 maunds of grain, but in 1870 it is represented by the equivalent of 20 maunds, it is evident that (assuming the efficiency of cultivation to have remained the same) the assessment of Rs. 1 an acre with grain at Rs. 1 can only rise to an assessment of Rs.  $1\frac{1}{2}$  with grain at Rs. 3, unless the standard of comfort among the peasantry is to be lowered.

Now to raise the standard of the peasant's subsistence was the main object of Wingate's settlement. Its success must be judged of chiefly by whether it has attained this end; and there is very strong evidence indeed that it has attained it. No one, I think, can doubt that the cultivators generally are better off, live in greater comfort, and possess more household utensils, money, stock, and moveable property generally, than in the days when their authors wrote "The Deccan Ryot" and the earliest settlement reports. This indeed is demonstrable. The cultivated area has increased in a larger proportion than either population or revenue, and each cultivator must therefore have a larger quantity of produce. If so, we should surely be very careful how we run the risk of again pulling down this standard of comfort, still low enough, by raising our assessments in some theoretical proportion to the increase in the price of produce.

It may of course be said that the legitimate conclusion of this argument is that the cultivators should be altogether freed from liability to assessment, or that the assessment should be permanently fixed. I do not think so. Other sets of considerations come in here, too long for me to deal with, but which I may just indicate. One set of questions regards the State, whether it is for the interest of all classes to part with the rent of land, now belonging to the State, as a source of revenue. Another regards the cultivating classes themselves whether, if the State make them a

present of this rent they would be able to retain it and to add it to their means of subsistence; whether the right to buy it would not pass into the hands of other classes; if so, of what character these classes would be, and what is likely to be the nature of their relations with their tenants and with the land; and whether a rack-rent, levied by private landlords, would not be more burdensome than a moderate rent-charge levied by the State.

*Extract from the Report of the Committee of the  
Poona Sarvajanik Sabha,  
Chapter III.*

Before proceeding to summarise the evidence on this head, it is necessary, for a clear understanding of the subject, to fix accurately what is the nature and character of the State demand on land. It is owing to a confusion of thought upon this preliminary point that the interminable controversy regarding the land question originates, and so long as this confusion lasts the controversy can lead to no good. It is useless in this connexion to cite the precedents of the old Hindoo and Mahomedan despotisms. The rule of the British Government has lasted sufficiently long in this country to have founded a policy and precedent of its own, and its action must be judged by its own deliberately made professions and guarantees. With regard to this question of land revenue, the late Court of Directors on two different occasions enunciated their views in language which leaves no room to doubt what their opinion on the subject was. As early as 1844 the Court of Directors, in a despatch dated 27th March 1844, observe that the right of Government consists in its title to receive from the "Mirasdar" a share of the produce of the land, or, more strictly, "a share of the surplus produce after payment of the expenses of cultivation." The despatch lays down rules to regulate the relations between Inamdars and their tenants; and, as the Inamdar is the assignee of the Government interest in land, what the Court of Directors observed with regard to the title of Mirasdar as against the Inamdar holds equally good as against the Government, whose assignee the Inamdar is. In another despatch of the year 1856, which Sir Bartle Frere quoted in his evidence before the Parliamentary Select Committee on Indian Finance, the Court of

Directors state the official view as to what the land revenue should be in the following terms:- "The officers engaged in the duty of fixing the assessment should always bear in mind that the right of Government is not a rent, which consists of all the surplus produce after paying the cost of cultivation and the profits of agricultural stock, *but is a land revenue only, which ought, if possible, to be so lightly assessed as to leave a surplus or rent to the occupier, whether in fact he lets the land to others, or retains it in his own hands.*" This despatch of the Court of Directors accurately represents, to use Sir Bartle Frere's words, "the received official view in India as to what the land revenue should be." The ryots in this country have therefore every right to appeal to these solemn guarantees, and to ask to be judged by them.

That these same principles guided the action of the founders of the Bombay system of settlement will be seen from the following extract, paragraph 17 of the Joint Report :-

"From the difficulty of ascertaining the true rent of different descriptions of land, we have not assumed any theoretical proportion of this for the standard of our assessment; but we fully coincide in the justice of the principle of limiting the Government demand to a portion of the true rent, and believe 50 to 80 per cent thereof, as laid down by the Board, would form a liberal assessment; and that this principle, if capable of being carried into practice; would prove an invaluable blessing to the agricultural classes of India, and introduce a new era in their history. And we further ascribe to the fact of a portion of the rent having been seldom, if ever, left to the proprietor or cultivator in India the characteristic wretchedness of its agricultural population, rather than to any peculiarities marking its different systems of revenue management".

The information summarised under the last chapter leaves no room to doubt that, if this definition of the rights of Government and of the cultivating ryot be accepted, the assessment on Government land should be a portion of the rent, large or small, for which the land would let if farmed out by the owner to another person; or in



other words, the assessment should consist of a portion of the net profits of land after deducting the expenses of cultivation, including the wages of the cultivator and his family, and the charges for the purchase and renewal of agricultural stock. It has been shown before that the present assessment of the Government and the charge of the Khote profits in the Konkan districts absorb from one-half to one-third of the gross produce, which by all accounts means that the Government assessment is a rack-rent, in the worst sense of the term. In the Desh districts also it has been shown that the ryot is enabled to continue the cultivation-of land from year to year, not because he receives any fraction of the proprietor's rent, or true farmer's profits, but chiefly, if not solely, because he earns the wages of himself and family in its cultivation. In fact there is no surplus produce left after paying the costs of cultivation (including his wages and the charge for the renewal of agricultural stock) and the assessment of Government. No surplus produce is left, and therefore there can be no rent. In many, eases the ryot has to provide for the payment of the assessment from other sources, and his only remuneration consists in the wages of his own labour. These results cannot be gainsaid by any one who accepts the Court of Directors, views to be the correct ones on the subject of land revenue.

Of course, in contrast with this moderate view, there are two extreme views. In order to avoid all cause for confusion, it is necessary to state them here. There is the view, which is now gaining in favour with the ruling classes, which takes its stand upon the old Mahomedan notion that by the fact of conquest the rulers of the country have become the absolute proprietors of the land, in the same sense in which private individuals are owners of their moveable or immoveable property, and that, as such owner, Government is entitled to demand the whole of the rent proper of the land. As there is no intermediate class of farmers in this country, and the holdings are mostly in small plots, the extreme limit, of Government demand would include all the produce of the land after deducting the actual cost of cultivation, not however including in this last item the wages of the cultivator and his family

labouring on the farm. The other view regards land to be the absolute property of private individuals, and as such liable to assessment along with all other property. Both these views are stated here only to be rejected, for, as has been shown before, they are opposed to the intermediate position taken up by the Supreme Government, which alone can be taken into account in judging of the pressure of the existing assessments in this Presidency.

*Note on the Revision of the Survey Settlement in the Deccan by Mr. A. W. Keyser, Assistant Collector of Sholapur.*

1. By ignoring all former assessments the revised rates must tend to revolutionise the value of land, which for years past has changed hands freely by sale and foreclosure of mortgages, and must press hardly on recent purchasers, who can never have anticipated such an alteration in the value of their property. The assessment not being based on any inquiry into the letting or selling value of land, but on a scientific basis whose accuracy, as it relates to those values, has never been tested, and is almost incapable of such a test, it presses unequally on those who pay it. If A has a field assessed at Rs. 10, the selling value of which is Rs. 100, he pays a land-tax of ten shillings in the pound (supposing land to be worth 20 years' purchase); while B, whose land is assessed at the same amount, and whose land when put up to auction scarcely fetches sufficient to pay the current assessment, pays the full rent of land as taxation. This is no imaginary case, but one which might be exemplified in any village, and is in fact frequently so exemplified on sale of land in default of payment of the revenue.

2. It is perhaps too much to say that the basis of the revised settlement is the comparison of the state of the people and the county, with that of 30 years back; but this appears to be the main element of calculation. Now for several years after the introduction of the survey the rates were collected with difficulty, large remissions had to be given

yearly, and much land remained unoccupied (*vide* Survey Reports *passim*). It is only during the second decade of the old settlement that this state of things ceased, and it is on a comparison with this period that the new settlements should, in my humble opinion, be made.

The old rates (though of course often faulty in detail, owing to the youth and inexperience of the department) had this advantage over the new, that according to Captain Wingate's statement (*vide* papers relating to the introduction of revised rates of assessment into part of the Niphar and Chandor Talukas of the Nasik Collectorate, 1872) they were framed in consultation with the people and accepted by them as just; and probably custom in such matters is as sure a guide as to the value and fertility of land as a scientific calculation regarding the depth and quantity of the soil. The capricious character of the rainfall in the Deccan, as it affects different localities in the same taluka, must often make such calculations lead to indifferent results. I am of course aware that the climate and rainfall is one of the principal elements in the survey calculation, but based as it must be either on uncertain information coupled with the records of the few rain gauges in a collectorate, it must be a quantity that is difficult to allow for, while its influence on the producing power of the land is so great that a timely shower may double the value of the crop.

4. A large portion of the increase is due to the assessment of land formerly denominated "kharab," and in Survey Reports and Government Resolutions the mere fact of this land being now assessed is thought a sufficient reason for a large part of this increase, as if it caused no hardship to any one. I notice in one Resolution it is stated that 19 per cent of the increase is due to "encroachments," which can only be another way of saying-to cultivation of this kharab land, which every occupant was free to cultivate if he could. Universally in the newly surveyed districts the

complaint is that the bad lands are over-taxed, while the Survey officers profess to have made a greater difference between the best and worst soils than under the old survey. They stand condemned either of the failure of their system to carry out desired results, or rather of not foreseeing the inevitable results of their system (why inevitable I shall state directly), by large quantities of these inferior soils having been thrown out of cultivation, or being thrown into the market and rarely finding purchasers at more than a nominal sum, consequent on the introduction of the new rates. Simply increasing the difference between the value-standards of the lowest and highest classes of soils would not have the desired effect, when actually a lower class of soil is now assessed than was taken into their calculations before. The present lowest class, perhaps the lowest two classes (the soil is divided into nine classes), are formed chiefly of land formerly held as unculturable; the land formerly in the lower class is now therefore, *ex-necessitate* pushed up a class or two, and so a general levelling up ensues. Class A\* before was 16 annas, and Class H, 2 annas 6 pie; the present Class H is now, it is true, lowered to 1, anna, but the old Class H is moved up to Class G or F, and assessed at a correspondingly higher standard.

Mr. Grant, the officer who superintended the first revision at Nasik, says, indeed, in his report, 'Soils from the third class downwards are entered fully two classes too low in the former valuation, and the eighth and ninth orders of soil were very commonly entered as bad or unculturable.' Why too low? I believe the purchase or letting value test would give exactly an opposite result. The officers have drifted into this error, for such I firmly believe it to be, by really trying to force one or two additional classes from below into the old nine classes, instead of forming two new ones, and what I have called levelling up has been the

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\*To represent The nine classes by the letters A. to H.

only possible result. I believe that if the worst land culturable, which probably bears no economic rent, were left free, and the next worst assessed at a 6-pie standard, it would be found that the present surveys would, not differ so much from the former, and the general discontent they have called forth would be allayed.

Thus, while on Jerayet lands generally the increase is far more than 42 per cent (which is the increase on the old Survey rates as modified by the recent Government Resolutions), I believe that on the inferior classes, of Jerayet, taken as a whole, the increase will be found to be far higher than on the better. "In, Bársi I tested, this point for my own satisfaction in three villages. Unfortunately I have not kept the papers, but I know that in nearly every case the lands now assessed at the lowest rate were the same as those in the lowest rate under the old survey, and that, as a rule, the result of the new survey had been about to double the assessment on these lands. Government has partially remedied this state of things by lowering the classification on the worse lands,

but I am sure that what I have written will bear any test. It must be remembered that numbers where the old *kharab* is found in the largest patches are generally those where the rest of the soil is very bad.

5. Is it sufficiently taken into account that the commencement of the latter half of the old surveys, or perhaps the whole second decade, when they first began to work smoothly, was a period of unusual prosperity? The railways under construction caused capital to flow into the country, making money cheap and corn and labour dear. The American war came to give an additional fillip to prices and it is therefore scarcely just that the new rates should be modelled on years which include such abnormal sources of property. The permanent benefits of the railways remain, but now that capital has ceased to flow into the country, and the normal state of things has set in, with a drain on this country for interest on debt and railway loans and home charges, money is again dear; or, in other words, corn and labour are cheap.

Return Showing Prices (Number of seers per rupee) of Jowari and Bajri in Indápur from 1866-67 to 1874-75

Year	Indápur	
	Jawari	Bajri
(1)	(2)	(3)
1866-67	$25\frac{1}{4}$	$17\frac{1}{2}$
1867-68	$37\frac{1}{4}$	$24\frac{1}{2}$
1868-69	$27\frac{3}{4}$	$21\frac{1}{4}$
1869-70	26	$20\frac{1}{2}$
1870-71	$27\frac{3}{4}$	$25\frac{3}{4}$
1871-72	$22\frac{1}{4}$	$19\frac{1}{2}$
1872-73	$29\frac{3}{4}$	$24\frac{1}{2}$
1873-74	$48\frac{3}{4}$	$30\frac{3}{4}$
1874-75	$44\frac{1}{2}$	$35\frac{1}{4}$

**Tabular Statement of the Original and Revised Rates of Assessment in the Village of Kheirgaum.**

New No.	Sub-division	Old No.	Names of Khatedars	According to Old Survey		According to Revision Survey			Per cent Enhancement		No. of Years uncultivated	Actual Years Uncultivated
				Area	Assessment	Area	Assessment at the time of the Introduction of Revised Rate	Assessment reduced according to Government Resolution	Original	As reduced by Government		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1	-	250	Amrit Vithal	A. 9 G. 31	RS. 1 A. 0	A. 7 G. 23	RS. 3 A. 4	RS. 2 A. 0	225	100		
2	-	-	Rowji Mayaji	1 5	1 14	0 36	1 7	1 4	-23	-33		
			Narayan Sakharam	5 38 <sup>3</sup> / <sub>4</sub>	10 2	5 1	7 14	7 4	-22	-28		
			Mhapa Kusa	0 39 <sup>14</sup> / <sub>16</sub>	1 11	0 33	1 6	1 4	-18	-25		
			Rama Hasu	0 39 <sup>14</sup> / <sub>16</sub>	1 11	0 33	1 6	1 4	-18	-25		
			Krishnaji Khanderow	2 39 <sup>14</sup> / <sub>16</sub>	5 1	2 21	3 15	3 10	270	241		
			Tukaram Vithu	0 39 <sup>14</sup> / <sub>16</sub>	1 11	0 33	1 6	1 4	-18	-25		
			Dewji Shivram	4 19 <sup>14</sup> / <sub>16</sub>	7 7	3 31	5 14	5 7	-21	-26		
			Gopala Dhondi	1 5	1 14	0 35	1 7	1 4	-23	-33		
			Kusa Dhondi	1 5	1 14	0 34	1 7	1 4	-23	-23		
			Gopala Govind	1 5	1 14	0 34	1 7	1 4	-23	-33		
			Hamanta Hari	2 39 <sup>14</sup> / <sub>16</sub>	5 6	2 34	3 15	3 15	-26	-26		
3	-	2	Chaturbhuz Laxman	23 38 39 39	40 9 21 8	20 5 32 39	31 8 29 0	29 0 25 0	-22 34	-28 16		
	1	5	Masu Sadu	5 32 <sup>1</sup> / <sub>4</sub>	1 6	0 2	0 1	0 1	-95	-95		
	2	Out of 5	Nagu Shiwa	5 32 <sup>2</sup> / <sub>16</sub>	1 7	0 16	0 8	0 8	-65	-65		
4	3	Out of 5	Sakharam Nimba	4 14 <sup>2</sup> / <sub>16</sub>	1 1	0 23	0 11	0 8	-35	-52		
	4	-	Sambhu Mahadu	4 14 <sup>2</sup> / <sub>16</sub>	1 1	0 32	1 2	1 0	5	-5		
	5	-	Pandu Dhondi	8 28 <sup>2</sup> / <sub>16</sub>	2 1	2 4	2 8	2 8	21	21		

(Contd.)

Tabular Statement of the Original and Revised Rates of Assessment in the Village of Kheirgaum. (Contd.)

New No.	Sub-division	Old No.	Names of Khatedars	According to Old Survey			According to Revision Survey			Per cent Enhancement		No. of Years uncultivated	Actual Years Uncultivated	
				Area	Assessment	Area	Assessment at the time of the Introduction of Revised Rate	Assessment reduced according to Government Resolution	Original	As reduced by Government				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)		
				A. G.	RS.	A. G.	RS.	A. G.	RS.	A.				
5	1	4	Masu Shiwa	29	1	7	0	3	37	4	14	-30	-34	
	2	-	Nagu Shiwa	6	35 <sup>12</sup> / <sub>16</sub>	5	3	3	33	5	8	6	-3	6
	3	-	Pandu Dhondi	10	13 <sup>12</sup> / <sub>16</sub>	16	5	1	10	2	0	-87	-87	
	4	-	Sakharam Nimba	3	17 <sup>12</sup> / <sub>16</sub>	5	7	0	11	0	7	-91	-91	
	Out of 5	-	Sambhu Mahadu	2	23 <sup>1</sup> / <sub>2</sub>	4	1	0	5	0	3	-95	-96	
	Out of 5	-	Bhagai Santu	2	23 <sup>1</sup> / <sub>2</sub>	4	1	0	5	0	3	-95	-96	
	6	-	Sakharam Nimba	-	-	-	1	15	2	4		-	-	
	7	-	Sambhu Mali	-	-	-	0	28	1	2	1	0	-	
	Out of 7	-	Bhagai Santu	-	-	-	0	27	1	2	1	0	-	
	8	-	Pandu Dhondi	-	-	-	0	18	0	11	0	11	-	
	9	-	Sakharam Nimba	-	-	-	0	13	0	8	0	8	-	
	10	-	Pandu Dhondi	-	-	-	0	29	1	2	1	0	-	
	11	-	Sambhu Mahdji	-	-	-	0	13	0	8	0	8	-	
	Out of 11	-	Bhagai Santu	-	-	-	0	12	0	8	0	8	-	
12	-	Nagu Laxman	1	29	2	0	0	35	1	4	1	0	-63	
13	-	Pandu Dhondi	-	-	-	4	30	7	0	0	7	0	-	
14	-	Sambhu Mahadji	-	-	-	0	12	0	8	0	8	-	-	
Out of 14	-	Bhagai Santu	-	-	-	0	13	0	8	0	8	-	-	
6	-	3	Pandu Dhondi	31	19	43	0	21	34	32	14	-23	-28	
7	1	27	Nagu Laxman	15	6	3	0	13	30	8	8	183	133	
2	8	8	Bapu Sultan	0	13	0	14	0	9	4	0	-71	-71	
3	7	7	Madhtowrow Vitul	13	38	16	0	10	10	10	0	-37	-37	
8	-	15	Vinayak Keshav	23	7	14	0	4	30	6	8	-53	-57	
9	-	Out of 15	Khandu Moreswar	10	2	6	0	8	10	6	8	8	-	
				-	-	-	7	25	7	8	9	-	-	
														1850 to 1852
												3		

(Contd.)

Tabular Statement of the Original and Revised Rates of Assessment in the Village of Kheirgaum. (Contd.)

New No.	Sub-division	Old No.	Names of Khatedars	According to Old Survey		According to Revision Survey			Per cent Enhancement		No. of Years uncultivated	Actual Years Uncultivated		
				Area	Assessment	Area	Assessment at the time of the Introduction of Revised Rate	Assessment reduced according to Government Resolution	Original	As reduced by Government				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)		
10	-	14	Khandu Moreswar	A. 32	G. 4	A. 15	RS. 13	A. 8	RS. 11	0	-20	-35	1850 to 1851	
11	-	Out of 14	Vinayak Kesheo	-	-	11	20	7	0	6	0	-		
12	-	13	Khandu Moreswar	31	29	4	0	16	15	4	0	2		0
13	-	9	Khandu Moreswar	44	20	17	0	23	20	16	0	13		0
14	-	Out of 13	Vinayak Kesheo	-	-	16	30	2	0	2	0	-		0
15	-	Out of 9	Vinayak Kesheo	-	-	24	6	4	8	3	0	-		0
16	-	10	Nageshwar Mahadeo	23	22	4	0	27	12	10	0	9		0
	-	249	Rowji Mayaji	0	$12\frac{11}{16}$	0	6	2	20	0	11	0		11
	-	-	Narayan Sakharan	2	$31\frac{11}{16}$	3	4	2	24	3	6	3	0	
	-	-	Mohapa Kusa	0	$16\frac{10}{16}$	0	8	0	16	0	9	0	7	
	-	-	Rama Hasu	0	$116\frac{10}{16}$	0	9	0	16	0	9	0	7	
	-	-	Tukaram Vithu	0	$16\frac{11}{16}$	0	9	0	16	0	9	0	7	
17	-	-	Dewji Sadashiv	1	$10\frac{3}{4}$	1	10	1	37	2	8	2	5	
	-	-	Gopalya Dhondi	0	$12\frac{10}{16}$	0	7	0	20	0	10	0	9	
	-	-	Kosa Dhondi	0	$12\frac{15}{16}$	0	7	0	20	0	10	0	9	
	-	-	Gopala Govind	0	$12\frac{15}{16}$	0	6	0	19	0	10	0	9	
	-	-	Hannanta Hari	2	21	3	4	1	11	1	11	1	8	
	-	-	Krishnaji Khunderow	1	$10\frac{3}{4}$	1	10	1	11	1	11	1	8	
	-	-		10	$15\frac{3}{4}$	13	0	10	10	13	8	12	0	
18	-	11	Nageshwar Mahadeo	33	27	6	0	34	0	10	8	8	0	
19	-	12	Vinayak Kesheo	20	2	3	0	12	31	0	13	0	12	

(Contd.)

(Contd.)

Tabular Statement of the Original and Revised Rates of Assessment in the Village of Kheirgaum. (Contd.)

New No.	Sub-division	Old No.	Names of Khatedars	According to Old Survey		According to Revision Survey				Per cent Enhancement		No. of Years uncultivated	Actual Years Uncultivated
				Area	Assessment	Area	Assessment at the time of the Introduction of Revised Rate	RS.	A.	Original	As reduced by Government		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
20	-	Out of 12	Khandu Moreshtar	A.	G.	A.	G.	RS.	A.				
21	-	1	Pasture Land	-	-	10	17	0	10	-	-		
22	-	247	Vinayak Kesheo	12	39	22	0	10	24	12	8		
23	-	248	Krishna Bapu	6	37	16	0	7	0	5	0		
24	-	-	Pasture Land	-	-	196	0	-	-	-	-		
25	-	102	Ramoshi	26	25	9	8	3	10	0	10		
26	-	103	Gopala Dhondi	28	10	8	9	7	20	1	6	1847 to 1848	
27	-	104	Shivram Ramchandra	27	37	4	12	6	0	1	2		
28	-	105	Rudraji Bawa	23	15	6	12	2	10	0	5		
-	-	106	Waman Bapu	33	22	7	10	1	20	0	8		
29	1	107	Rowji Mayaji	17	17	4	11	4	20	0	9	3	
-	2	-	Ramji Hasu	17	17	4	11	4	10	0	8	1848 to 1851	
30	-	108	Sadoba Venkaji	26	28	3	12	8	25	2	4		
31	-	109	Rowji Laxman	27	9	10	15	12	10	5	8	1	
32	-	173	Balaji Mahipatrow	16	20	11	15	15	35	19	0	1848 to 1849	
33	-	169	Narayan Laxman	2	22½	1	15	2	3	2	8	1	
-	-	-	Shivram Ramchandra	2	21½	1	15	2	2	2	8	1854 to 1855	
34	1/8	168	Rowji Moroji	5	4	3	14	4	5	0	5		
7/2	-	-	Parwatrow Ramrow	2	13¼	0	8	0	12	0	7		
-	-	-	Ganpatrwo Halbat	0	21½	0	10	0	12	0	7		
3/6	-	-	Vittu Jotaji	0	0	13	0	13	0	8	0		
-	-	-	Balia Mahipati	0	0	12	0	13	0	8	0		

(Contd.)

Tabular Statement of the Original and Revised Rates of Assessment in the Village of Kheirgaum. (Contd.)

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				Area	Assessment	Area	Assessment at the time of the Introduction of Revised Rate	Assessment reduced according to Government Resolution	Original	As reduced by Government		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
				A. G.	RS. A.	A. G.	RS. A.	RS. A.				
	4/10	-	Apa Anandrow	0 36 <sup>3</sup> / <sub>4</sub>	0 11	0 35	1 1	1 0	54	45		
	5/9	-	Sadoba Venkaji	1 16 <sup>13</sup> / <sub>16</sub>	1 10	1 3	1 8	1 4	-7	-23		
35	-	166/167	Bala Mahipati	-	6 11	4 2	5 11	4 15	-14	-26		
36	1	163	Apa Anandrow	3 23	6 0	9 10	11 0	10 0	83	66	1	1850 to 1851
	2	165	Govind Hari	15 12	9 15	5 20	5 8	5 0	-44	-49	4	1851 to 1855
	3	164	Apa Anadrow	4 14	2 15	4 12	5 0	4 0	70	36		
				4 38	0 12	1 10	1 6	1 0	83	33		
				24 24	18 10	11 2	11 14	10 0	-12	-26		
37	1	159	Parwat Ramrow	29 11	17 0	5 0	4 0	3 8	-76	-79	10	1845 to 1855
	-	158	Govt. Waste	0 30	17 0	5 30	4 12	4 4	-72	-75		
				30 1	17 0	5 30	4 12	4 4	-72	-75		
38	-	180	Vithu Jotaji	31 29	19 15	32 20	32 8	28 0	63	40	1	1856 to 1859
39	-	181	Bala Towji	25 24	14 0	26 20	25 0	20 0	78	42	14	1843 to 1857
40	-	182	Amin Bhai	29 19	20 0	40 30	38 0	31 0	90	55	11	1843 to 1854
41	-	183	Ramji Janoji	21 9	11 0	21 0	19 8	16 0	77	45		
42	-	179	Ganpat Haibat	12 10	6 0	11 30	9 8	7 0	53	16	13	1843 to 1856
43	-	178	Subhanrow Mhaloji	11 39	18 0	11 20	16 0	14 0	-11	-22	13	1843 to 1856
44	-	174	Vittu Jotaji	29 18	6 0	29 90	13 0	9 0	116	50		
45	-	177	Ganpat Haibati	11 13	5 0	11 10	10 0	8 0	100	60		
46	-	175/76	Ganpat Haibati	7 36	1 8	7 30	1 8	1 0	-	33	1	1848 to 1849
47	-	184	Subhanrow Maloji	40 5	13 0	39 20	27 0	22 0	107	69	1	1848 to 1849
48	-	185	Lobhaji Proji	24 15	4 0	23 29	3 0	8 0	-25	-25	1	1848 to 1849
49	-	186	Bula Mahipati	23 30	6 0	23 0	11 8	9 0	91	50	1	1848 to 1849
50	-	187	Vithu Jotaji	29 36	13 0	33 80	33 8	80 0	157	130		
51	-	189	Mahadu Narsu	33 6	10 0	33 0	27 0	21 0	170	110		
52	-	188	Ramji Janoji	25 18	5 0	25 20	16 0	13 0	220	160	2	1848 to 1850
53	-	191	Amrit Vitthal	29 18	13 0	29 30	22 8	19 0	73	46	10	1846 to 1856

(Contd.)



Tabular Statement of the Original and Revised Rates of Assessment in the Village of Kheirgaum. (Contd.)

New No.	Sub-division	Old No.	Names of Khatedars	According to Old Survey		According to Revision Survey		Per cent Enhancement		No. of Years uncultivated	Actual Years Uncultivated						
				Area	Assessment	Area	Assessment at the time of the Introduction of Revised Rate	Assessment reduced according to Government Resolution	Original			As reduced by Government					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)					
54	-	190	Amrit Vithal	A. 24	RS. 34	A. 0	G. 15	RS. 21	A. 8	RS. 18	0	115	80	5	1847 to 1852		
55	-	236	Pandu Gopal	29	2	5	0	31	0	17	8	0	250	180			
56	-	237	Savitri Hari	22	33	16	0	23	0	23	0	43	37	2	1848 to 1850		
57	-	238	Village Mahars	34	16	23	0	29	1	29	0	26	-				
58	-	239	Village Mahars	34	35	15	0	29	10	22	0	46	20				
59	-	244	Village Mahars	35	38	12	0	36	23	20	8	16	0	33			
60	-	245	Village Mahars	18	15	3	0	19	37	5	0	2	8	-16			
61	-	246	Village Mahars	38	3	6	0	39	17	5	0	5	0	-16			
62	-	243	Village Mahars	35	25	6	0	34	35	11	0	83	-	-50			
63	-	242	Savitri Hari	13	15	2	0	16	20	2	0	1	0	-			
64	-	Gairan	Village Pasturage	12	32	-		12	32	-		-		-37			
65	-	229	Govind Hari	29	5	4	0	39	8	5	0	2	8	21	-42		
66	-	241	Govind Hari	36	15	7	0	33	9	8	8	4	0	33	16		
67	-	240	Deoji Sudashiv	18	27	12	0	18	10	16	0	14	0	77	-		
68	-	230	Laxman Pandu	31	2	9	0	36	30	16	0	9	0	-14	-33	2	1848 to 1850
69	-	231	Madhow Vithal	36	81	21	0	31	31	18	0	14	0	61	33		
70	-	235	Mahadeo Godbaji	24	37	9	0	23	19	14	8	12	0	225	100	1	1850 to 1851
71	-	234	Lobha Pira	16	8	2	0	15	13	6	8	4	0	35	9	4	1848 to 1852
72	-	233	Bala Bhaga	31	22	11	0	25	16	12	8	10	0	3	-11	2	1850 to 1852
73	-	232	Para Janoji	16	15	10	0	16	19	13	8	10	0	-61	-74	2	
74	-	219	Para Janoji	33	0	6	12	25	5	7	0	6	0	70	2		
75	-	220	Amrita Shivrarn	43	7	11	10	24	18	4	8	3	0	-87	-91		
76	1	228	Bapu Sheti	25	8	2	15	1	5	0	6	0	4	-8	-44		
2	2	227	Madhow Vithal	21	25	2	15	1	5	0	6	0	4	-	-		
				46	33	5	14	26	36	5	6	3	4	-	-		
				-	-	-		18	7	5	8	5	0	-	-		
77	1	Out of 227	Madhow Vithal	-	-	-		1	7	1	0	1	0	-	-		
	2	Out of 228	Bapu Sheti	-	-	-		19	14	6	8	6	0	-	-		

(Contd.)

Tabular Statement of the Original and Revised Rates of Assessment in the Village of Kheirgaum. (Contd.)

New No.	Sub-division	Old No.	Names of Khatedars	According to Old Survey		According to Revision Survey				Per cent Enhancement		No. of Years uncultivated	Actual Years Uncultivated	
				Area	Assessment	Area	Assessment at the time of the Introduction of Revised Rate	RS.	A.	Original	As reduced by Government			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)		
78	-	Portion of 220	Amrita Shivram	A. -	G. RS.	A. 26	G. 10	RS. 11	A. 8	7	0	-		
79	-	221	Para Janoji	25	7	24	24	6	0	5	0	-14	3	1846 to 1849
80	-	222	Dhulu Oodaji	36	9	30	4	13	0	9	0	8	2	1846 to 1848
81	-	226	Para Janoji	28	18	7	46	7	14	12	0	107		
82	-	225	Para Janoji	30	15	6	0	24	5	4	8	-25		
83	-	224	Para Janoji	9	12	1	0	12	9	0	12	-25		
84	-	223	Bala Taoji	34	22	5	0	34	31	8	4	70		
85	-	216	Bala Taoji	8	3	1	0	13	10	3	4	225		
86	-	215	Bala Taoji	19	39	2	0	23	36	3	0	50		
87	-	217	Bala Taoji	29	24	5	0	44	39	11	0	120		
88	-	214	Bala Taoji	22	21	5	0	31	15	8	0	60		
89	-	213	Bapu Sheti	26	39	4	0	25	13	8	0	100		
90	-	218	Bara Bhoga	27	29	7	0	34	28	4	8	-35		
91	-	Portion of 219	Para Janoji	11	11	-	11	11	2	12	2	0	2	1850 to 1852
92	-	212	Bapu Sheti	39	3	10	14	39	8	8	0	-20	2	1850 to 1852
93	-	Out of 212	Bapu Sheti	-	-	23	10	10	0	7	0	-	2	1850 to 1852
94	-	210	Amrit Vithal	14	2	2	0	16	11	3	0	50		
95	-	211	Amrit Vithal	13	0	2	0	15	30	4	0	100		
96	-	209	Deoji Sadashiv	37	24	9	0	26	28	16	8	83		
97	-	208	Nago Maahipati	36	30	17	0	47	19	38	8	126		
98	-	207	Madhow Vithal	-	-	38	5	28	8	24	0	-		
99	-	208	Madhow Vithal	13	36	7	0	19	30	16	0	128		
100	-	205	Madhow Vithal	30	21	16	0	29	25	29	8	84	12	1844 to 1856

(Contd.)

Tabular Statement of the Original and Revised Rates of Assessment in the Village of Kheirgaum. (Contd.)

New No.	Sub-division	Old No.	Names of Khatedars	According to Old Survey		According to Revision Survey			Per cent Enhancement		No. of Years uncultivated	Actual Years Uncultivated			
				Area	Assessment	Area	Assessment at the time of the Introduction of Revised Rate	Assessment reduced according to Government Resolution	Original	As reduced by Government					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)			
				A. G.	RS.	A. G.	RS.	A. RS.	A. A.						
101	-	196	Madhow Vithal	14	33	7	0	15	16	8	15	0	135	114	
102	-	197	Madhow Vithal	24	12	14	0	19	30	19	8	17	0	39	21
103	-	204	Madhow Vithal	81	8	14	0	81	8	29	0	23	0	107	64
104	-	203	Amaram Sadashiv	30	5	18	0	30	35	29	0	23	0	61	27
105	-	198	Amaram Sadashiv	19	6	13	0	19	38	23	8	22	0	80	69
106	-	199	Amaram Sadashiv	20	14	12	0	19	35	23	8	22	0	95	63
107	-	201/202	Amaram Sadashiv	44	14	10	1	28	25	16	0	13	0	59	29
108	-	200	Amaram Sadashiv	13	21	9	14	7	39	10	0	9	0	1	-8
109	-	192 to 195	Amaram Sadashiv	106	29	65	0	1	16	-	1	0	0	-	-
110	-	Out of 200/201	Amaram Sadashiv	-	-	-	-	33	33	25	8	21	0	-	-
111	-	155	Amaram Sadashiv	24	38	9	0	25	12	16	0	13	0	77	44
112	-	154	Sakharam Numbaji	9	25	3	0	13	0	5	8	4	0	83	33
113	-	149,152, 153,156, 157,158,1160 and 161	-	171	14	113	8	171	0	-	-	-	-	-	-
114	-	151	Sakharam Numbaji	20	28	11	0	17	28	11	0	9	0	-	-18
115	-	150	Amrit Vithal	23	20	11	0	23	8	14	8	12	0	31	9
116	-	147	Sadu Bapu Navi	20	37	8	0	19	0	13	0	11	0	62	37
117	-	145	Khandu Jesaji	27	38	17	0	28	15	32	0	28	0	88	64
118	-	148	Rama Govinda	28	27	20	0	28	20	28	8	25	0	42	25
119	-	146	Sidu bin Haba Navi	19	6	4	0	20	0	10	0	7	0	150	75
120	-	143	Gojaji Moraji	41	16	14	0	41	6	25	8	21	0	10	50
121	-	144	Para Janoji	39	39	25	0	38	27	43	8	39	0	74	56
122	-	141	-	35	19	19	0	36	3	-	-	-	-	-	-
123	-	142	Govinda Mahipati	37	34	9	0	37	19	23	8	19	0	161	111

(Contd.)

Tabular Statement of the Original and Revised Rates of Assessment in the Village of Kheirgaum. (Contd.)

New No.	Sub-division	Old No.	Names of Khatedars	According to Old Survey		According to Revision Survey			Per cent Enhancement		No. of Years uncultivated	Actual Years Uncultivated			
				Area	Assessment	Area	Assessment at the time of the Introduction of Revised Rate	Assessment reduced According to Government Resolution	Original	As reduced by Government					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)			
124	-	139	Mahadu Dulbaji	A. 27	G. 8	A. 27	G. 4	RS. 17	A. 0	RS. 14	A. 0	142	100	3	1848 to 1851
125	-	140	Govinda Mahipati	39	20	23	0	41	10	46	8	102	78		
126	-	120	Bapu Sultana	25	4	25	0	26	20	33	0	32	24		
127	-	137	Ramji Kusaji	34	12	19	0	37	6	39	8	107	94	16	1843 to 1859
128	-	138	Genu Kusaji	26	37	6	0	23	39	10	8	75	16	5	1846 to 1851
129	-	136	Rajaram Sadashiv	39	21	14	0	38	29	26	8	89	57		
130	-	121	Rajaram Sadashiv	24	1	18	0	27	11	34	0	88	77	11	1844 to 1855
131	-	122	Sakharam Vithu	24	32	15	0	23	0	26	0	73	53	12	1843 to 1855
132	-	135	Sambhaji Sadashiv	25	10	9	0	27	36	21	0	133	88		
133	-	134	Khandu Bapu	39	6	13	0	40	20	28	0	115	76	6	1843 to 2850
134	-	123	Nagu Mahipati	26	4	19	0	24	0	24	0	26	15	12	1843 to 1855
135	-	86	Rakhama Dhule	24	6	12	0	26	20	23	0	91	66	4	1847 to 1851
136	-	124	Khandu Andu	25	2	13	0	23	24	20	8	57	38	6	1847 to 1853
137	-	133	Ambri Nimba	46	36	18	0	49	23	31	0	72	38		
138	-	132	Vithu Dhulu	26	39	3	0	26	36	6	8	116	66		
139	-	131	Vithu Dhulu	23	30	5	0	25	9	6	8	5	0		
140	-	130	Yessu Bhanji	24	17	4	0	25	34	6	0	50	25		
141	-	129	Mataji Limbaji	19	22	4	0	23	25	12	0	9	0	200	125
142	-	128	Ganesh Rangnath	14	0	3	0	14	37	7	8	6	0	150	100
143	-	127	Bhicaji Ramchandra	11	30	3	0	12	30	6	8	5	0	116	66
144	-	126	Ambri Nimbaji	11	6	3	0	10	18	4	8	3	8	50	16
145	-	125	Vithu Dhulu	11	16	3	0	12	4	5	8	3	0	83	-
146	-	83	Bapu Rudraji	18	36	1	0	8	37	2	4	1	8	50	50
147	-	84	Mahalu Moghuji	21	39½	13	0	20	20	23	0	20	0	76	53
148	-	82	Raghu Bahiru	31	12	12	0	30	8	82	0	30	0	166	150
149	-	81	Raghu Bahiru	31	12	17	0	33	5	33	0	29	0	94	70
150	-	79	Nagu Dhulu	22	28	17	0	23	17	33	8	31	0	97	82
(Contd.)															

(Contd.)

Tabular Statement of the Original and Revised Rates of Assessment in the Village of Kheirgaum. (Contd.)

New No.	Sub-division	Old No.	Names of Khatedars	According to Old Survey		According to Revision Survey		Per cent Enhancement		No. of Years uncultivated	Actual Years Uncultivated	
				Area	Assessment	Area	Assessment at the time of the Introduction of Revised Rate	Assessment reduced according to Government Resolution	Original			As reduced by Government
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
151	-	80	Luxman Janoji	A. 38	RS. 4	A. 89	RS. 11	A. 27	88	58	1	1845 to 1846
152	-	77	Khandu Bapu	31	33	17	0	32	34	31	0	1847 to 1854
153	-	78	Soma Ija	29	38	16	0	30	30	0	26	1844 to 1854
154	-	75	Madhowrow Vithal	44	33	18	0	44	30	36	8	1850 to 1852
155	-	74	Bhicaji Ramchandra	23	31	19	0	26	20	36	8	
156	-	73	Bhicaji Ramchandra	27	14	15	0	23	19	23	8	
157	-	72	Soma bin Ija	22	6	16	0	22	37	27	0	
158	-	71	Bhicaji Ramchandra	22	24	28	0	23	5	32	0	1848 to 1855
159	-	70	Bhicaji Ramchandra	11	7	8	0	12	24	17	8	
160	-	69	Kondur Anandrow	14	0	10	0	15	0	20	8	1844 to 1855
161	-	68	Hiru Ambaji	13	26	9	0	14	16	20	0	1845 to 1854
162	-	67	Mahataraji Nimbaji	37	28	21	0	43	4	51	0	
163	-	76	Anrit Vithal	29	25	20	0	28	30	39	8	
164	1	66	Madhow Vithal	0	39 $\frac{1}{4}$	1	8	1	7	1	12	
	2	-	Mahataraji Nimbaji	2	39 $\frac{1}{4}$	5	12	3	15	5	0	
165	1	65	Madhow Vithal	1	4 $\frac{1}{4}$	2	6	2	32	3	12	
	2	-	Bhawani Habati	3	3 $\frac{1}{2}$	6	8	1	24	2	8	
166	1	64	Madhow Vithal	1	5 $\frac{3}{4}$	2	6	2	39	4	0	
	2	-	Nagu Dhulu	3	17 $\frac{1}{4}$	6	8	1	30	2	12	
167	-	63	Mhatarji Nimbaji	6	4	5	0	6	19	9	8	
168	-	62	Manku Babu	96	15	42	0	35	16	48	8	
169	-	93	Anrita Nimbaji	32	5	23	0	33	0	45	8	
170	-	92	Nagu Mahipati	28	13	16	0	26	28	36	8	
171	-	88	Mahadev Vithal	11	16	23	0	15	8	22	0	

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(Contd.)

Tabular Statement of the Original and Revised Rates of Assessment in the Village of Kheirgaum. (Contd.)

New No.	Sub-division	Old No.	Names of Khatedars	According to Old Survey		According to Revision Survey			Per cent Enhancement		No. of Years uncultivated	Actual Years Uncultivated		
				Area	Assessment	Area	Assessment at the time of the Introduction of Revised Rate	RS.	A.	G.			Original	As reduced by Government
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)		
172	-	85	Rakhmaji Dhulu	A. 24	RS. 24	A. 8	RS. 35	A. 8	33	0	34	1	1851 to 1852	
173	-	87	Bapu Rudraji	12	24	15	8	13	30	20	18			16
174	-	119	Nagu Mahipati	21	27	17	0	19	20	25	8			35
175	-	116	Tukaram Bhagvat	11	2	22	2	11	0	13	0			45
176	-	115/117	Tukaram Bhagvat	10	27	6	0	11	0	13	0			12
177	-	118	Genu Shabaji	21	19	13	0	22	29	30	0	12	0	100
178	-	112/113/14	Gopal Laxman	8	7	5	0	7	30	8	0	27	0	107
179	-	111	Dowlatrow Banaji	4	18	2	0	4	30	5	8	8	0	60
180	-	171	Gopal Laxman	15	12	11	0	15	81	21	8	5	0	150
181	-	162	Atmaram Sadashiv	6	34	13	0	7	20	10	8	21	0	95
182	-	Out of 159	Parwutrow Ramrow	-	-	-	-	28	20	32	0	10	0	-19
183	-	Out of 163	Apaji Anundrow	4	17½	7	0	13	20	16	0	28	0	-
184	1	170	Kusa bin Babu	4	17½	7	0	5	19	8	0	14	0	-
2	2	-	Sakhu bin Bali	4	17½	7	0	3	21	5	8	8	0	14
3	3	Out of 169	Narayan Laxman	-	-	-	-	0	37	1	6	5	0	-21
Out of 3	4	Out of 173	Shivram Ramchandra	-	-	-	-	0	38	1	6	1	4	-
4	4	Out of 168	Bala Mahipat	-	-	-	-	1	20	2	0	2	0	-
5	5	Out of 168	Gunputrao Hybat	-	-	-	-	0	9	0	5	0	5	-
Out of 5	6/13	-	Purwatrow Ramrow	-	-	-	-	0	10	0	6	0	6	-
7/14	8	-	Apaji Anundrow	-	-	-	-	0	26	1	0	0	15	-
9/10	8	-	Sadoba Venkaji	-	-	-	-	0	26	1	0	0	12	-
Out of 9	9/10	-	Vithu Jotia	-	-	-	-	0	9	0	5	0	4	-
Out of 11	Out of 11	-	Bala Mahipat	-	-	-	-	0	9	0	6	0	4	-
		-	Rowji Mowji	-	-	-	-	0	33	1	4	1	0	-
		-	Vithu Jotia	-	-	-	-	0	6	0	3	0	3	-

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(Contd.)

Tabular Statement of the Original and Revised Rates of Assessment in the Village of Kheirgaum. (Contd.)

New No.	Sub-division	Old No.	Names of Khatedars	According to Old Survey		According to Revision Survey			Per cent Enhancement		No. of Years uncultivated	Actual Years Uncultivated
				Area	Assessment	Area	Assessment at the time of the Introduction of Revised Rate	Assessment reduced according to Government Resolution	Original	As reduced by Government		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
				A. G.	RS. A.	A. G.	RS. A.	RS. A.				
	Out of 11	-	Bala Mahipatrow	-	-	0 6	0 4	0 4	-	-		
	12	-	Gunput Harbatrow	-	-	0 5	0 4	0 4	-	-		
	-	-	Purwutrow Ramrow	-	-	0 6	0 3	0 3	-	-		
185	-	172	Vinayal Kesheo	8 20	19 7	8 0	12 0	11 0	-38	-43		
186	-	Out of 109	Rowji Laxman	-	-	19 3	15 8	13 0	-	-		
187	-	Out of 110	Dowlatrow Banaji	21 15	9 0	20 0	17 8	15 0	94	66	5	1847 to 1852
188	-	108	Sadoba Venkaji	-	-	19 14	8 8	6 0	-	-	1	1848 to 1849
189	-	Out of 107	Rowji Mayaji	-	-	12 5	8 8	7 0	-	-	3	1848 to 1851
190	-	Out of 107	Rama Hasu	-	-	15 20	8 8	7 0	-	-	3	1848 to 1851
191	-	Out of 106	Wamun bin Bapu	-	-	35 10	17 8	-	-	-		
192	-	89	Rama Hasu	10 20½	12 8	10 30	13 6	12 12	7	2	1	1851 to 1852
	-	-	Rowji Mayaji	10 20½	12 8	10 30	13 6	12 12	7	2		
	-	-	Narayan Sakharan	10 20½	12 8	10 30	13 6	12 12	7	2		
	-	-	Gopal Dhondi	5 10¼	6 4	5 15	6 11	6 6	7	2		
	-	-	Kusa Dhondi	5 10¼	6 4	5 15	6 11	6 6	7	2		
				-	-	43 0	53 3	-	-	-		

(Contd.)

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Tabular Statement of the Original and Revised Rates of Assessment in the Village of Kheirgaum. (Contd.)

New No.	Sub-division	Old No.	Names of Khatedars	According to Old Survey		According to Revision Survey			Per cent Enhancement		No. of Years uncultivated	Actual Years Uncultivated
				Area	Assessment	Area	Assessment at the time of the Introduction of Revised Rate	Assessment reduced According to Government Resolution	Original	As reduced by Government		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
193	-	90	Amrit Vithal	A. 17	G. 26	A. 17	RS. 10	A. 18	0	105	80	
194	-	91	Narayan Sakharam	29	16	0	35	8	32	0	88	1 1846 to 1847
195	-	94	Bahiru Vithu	29	26	19	0	31	20	41	94	3 1850 to 1853
196	-		Out of 105 Rudraji Bawa	-	-	21	17	12	0	-	-	
197	-		Out of 104 Shivram Ranji	-	-	24	16	13	8	11	0	
198	-		Out of 103 Gopal Dhondi	-	-	26	10	16	8	13	0	
199	-		Out of 107 Samastia Ramoshi	-	-	26	10	16	8	-	-	1 1847 to 1848
200	-	100	Samastia Ramoshi	17	35	1	14	19	15	3	12	-
201	-	98	Masu ShiwaMali	26	3	8	0	40	12	5	0	66
202	-	101	Rowji Mayaji	29	36	10	0	32	10	20	0	60
203	-	95	Sambu Rama	39	20	14	0	36	28	32	0	128 1845 to 1847
204	-	60	Pandu Babu	20	11	11	0	21	0	21	0	81 1848 to 1854
205	-	61	Malu Vithu	34	4	19	0	32	0	38	0	89
206	-	58/59	Bhicaji Ramchandra	18	37	14	0	22	10	30	8	100
207	-	57	Kondu Anundrow	23	17	12	0	23	5	30	8	125 1848 to 1850
208	-	56	Mhatarji Nimbaji	28	9	22	0	28	20	39	0	77
209	-	55	Haibti Putalji	25	33	21	0	26	10	37	3	68
210	-	54	Khanderow Subban	6	38	2	0	8	26	4	8	78
211	-	53	Raja bin Manaji	25	2	12	0	26	20	26	8	125
212	-	52	Deshmukh	46	3	27	0	42	10	42	0	50
213	-	51	Deshmukh	47	23	34	0	49	10	58	8	108
214	-	50	Deshmukh	45	1	24	0	46	0	49	0	55
215	-	96	Hamanta Hari	26	3	5	0	26	30	11	8	-
216	-	97	Yeshu Raghu	18	17	3	0	19	20	5	0	7 1848 to 1849
217	-	49	Guja Limbaji	87	38	7	0	45	30	23	0	2 8
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Tabular Statement of the Original and Revised Rates of Assessment in the Village of Kheirgaum. (Contd.)

New No.	Sub-division	Old No.	Names of Khatedars	According to Old Survey		According to Revision Survey			Per cent Enhancement		No. of Years uncultivated	Actual Years Uncultivated		
				Area	Assessment	Area	Assessment at the time of the Introduction of Revised Rate	Assessment reduced according to Government Resolution	Original	As reduced by Government				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)		
				A. G.	RS. A.	A. G.	RS. A.	RS. A.						
218	-	48	Balu Vitthu	26	28	19	0	28	0	38	8	37	0	1843 to 1856
219	-	47	Vithu Bhulu	26	4	4	0	27	0	37	0	35	0	1845 to 1855
220	-	46	Pandu Dhondi	41	38	13	0	42	0	29	0	24	0	1850 to 1853
221	-	45	Bala Vittho	14	12½	5	0	41	10	23	0	18	0	
222	-	44	Pandu Dhondi	27	8	31	0	27	30	34	8	33	0	1844 to 1855
223	-	43	Mita Nagu	26	8	19	0	23	5	29	0	27	0	1843 to 1856
224	-	42	Tukaram Maya	37	19	8	0	37	1	18	6	14	0	
225	-	41	Matarji Nimbaji	36	2	7	0	33	20	10	8	8	0	
226	-	40	Vithu Dhulu	26	4	19	0	3	35	5	0	5	0	
227	1	Out of 43	Mita Nagu	-	-	-	2	7	2	12	2	8		
2	2	-	Vithu Dhulu	-	-	-	20	20	20	8	8	19	0	1843 to 1856
228	-	39	Matarji Nimbaji	-	-	-	22	27	23	4	-	-	-	
229	1	Out of 41	Matarji Nimbaji	25	3	17	0	25	15	27	0	25	0	1848 to 1852
2	2	38	Bala Dhulu	-	-	-	1	8	0	13	0	12		
				32	19	5	0	20	30	9	0	5	0	
				-	-	-	21	38	9	13	-	-	-	
230	-	Out of 38	Bala Dhulu	-	-	-	9	10	2	4	1	0		1852 to 1853
231	-	37	Babaji Balaji	27	3	8	0	27	30	15	8	12	0	1848 to 1851
232	-	Out of 14	Khandu Moreshwar	-	-	-	1	20	1	4	-	-	-	
233	-	36	Hamanta Hari	37	39	9	0	39	20	22	0	17	0	1848 to 1850
234	-	35	Nagu Luxman	32	28	8	5	28	0	12	0	7	0	1849 to 1850
235	-	99	Tukaram Vithu	38	11	9	12	18	31	4	8	2	8	
236	-	Out of 14/15	Khandu Moreshwar	-	-	-	6	10	5	0	-	-	-	
237	1	24	Sumbhu Mahad	0	6	0	6	0	8	0	5	0	4	-33

(Contd.)

Tabular Statement of the Original and Revised Rates of Assessment in the Village of Kheirgaum. (Contd.)

New No.	Sub-division	Old No.	Names of Khatedars	According to Old Survey		According to Revision Survey			Per cent Enhancement		No. of Years uncultivated	Actual Years Uncultivated			
				Area	Assessment	Area	Assessment at the time of the Introduction of Revised Rate	Assessment reduced according to Government Resolution	Original	As reduced by Government					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)			
237	Out 1	-	Bhagai Sadu	A.	G.	A.	G.	RS.	A.	RS.	A.				
		25		0	6	0	9	0	5	0	4	-33			
		3		0	11	0	12	0	14	0	7	-41			
		26		0	39	1	2	1	9	1	14	33			
		27		0	13	0	14	0	4	0	2	-85			
237	Out of 5	28	Sumbhu Madhow Bhagai Sadu	0	24	1	2	0	2	0	1	-94			
		-		0	24	1	2	0	3	0	2	0	1	-88	
		-		-	-	0	5	0	3	-	-	-	-		
		28		-	-	0	9	0	5	0	4	-	-		
		-		-	-	0	9	0	6	0	4	-	-		
237	Out of 8	29	Nagu Laxman Sumbhu Mahadu Bhagai Sadu	-	-	0	18	0	11	-	-	-			
		7		0	17	1	1	0	17	0	10	0	8	-41	-52
		8		0	8	0	6	0	7	0	4	0	4	-33	-33
		-		0	8	0	6	0	7	0	4	0	4	-33	-33
		9		0	11	0	8	0	9	0	5	0	4	-37	-50
237	Out of 9	-	Masu Sadu	0	11	0	8	0	9	0	6	0	4	-25	-50
		-		-	-	0	18	0	11	-	-	-	-	-	
		32,34,21, 19,17		1	32	4	4	2	2	3	1	2	11	-27	-36
		12		0	9½	0	6	0	12	0	7	0	6	16	-
		33		0	9½	0	6	0	11	0	7	0	8	16	-
237	Out of 12	-	Masu Sadu	-	-	-	0	23	0	14	-	-	-		
		10/11/16/ 18/20		1	32	4	4	2	2	3	1	2	11	-27	-36
		12		0	9½	0	6	0	12	0	7	0	6	16	-
		33		0	9½	0	6	0	11	0	7	0	8	16	-
		-		-	-	-	-	0	23	0	14	-	-	-	

(Contd.)

Tabular Statement of the Original and Revised Rates of Assessment in the Village of Kheirgaum. (Contd.)

New No.	Sub-division	Old No.	Names of Khatedars	According to Old Survey		According to Revision Survey				Per cent Enhancement		No. of Years uncultivated	Actual Years Uncultivated
				Area	Assessment	Area	Assessment at the time of the Introduction of Revised Rate	Assessment reduced according to Government Resolution	Original	As reduced by Government			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	
				A. G.	RS.	A.	G.	RS.	A.	RS.	A.		
	13	Out of 28	Sumbhu Mahadu	-	-	0 10	0 6	0 6	0 6	0 6	0 6	-	
	Out of 13	-	Bhagai Sadu	-	-	0 10	0 6	0 6	0 6	0 6	0 6	-	
				-	-	0 20	0 12	-	-	-	-	-	
	14	23	Nagu Laxman	0 18	1 5	0 23	0 14	0 12	0 12	-33	-42	-	
	15	22	Nagu Shiva	0 13½	0 12	0 14	0 8	0 8	0 8	-33	-33	-	
	Out of 15	-	Masu Shiva	0 13½	0 12	0 14	0 8	0 8	0 8	-33	-33	-	
	17	Out of 20	Nagu Shiva	-	-	0 10	0 6	0 6	0 6	-	-	-	
	Out of 17	Out of 20	Nagu Shiva	-	-	0 10	0 6	0 6	0 6	-	-	-	
				-	-	0 20	0 12	-	-	-	-	-	
	19	-	Nagu Shiva	0 5½	0 5	0 8	0 5	0 4	0 4	-	-20	-	
	Out of 19	-	Masu Shiva	0 5½	0 5	0 8	0 5	0 4	0 4	-	-20	-	
				-	-	0 16	0 10	-	-	-	-	-	
	21	16	Nagu Shiva	0 13	0 11	0 10	0 5	0 4	0 4	-54	-63	-	
	Out of 21	-	Masu Shiva	0 13	0 11	0 10	0 5	0 4	0 4	-54	-63	-	
				-	-	0 20	0 10	-	-	-	-	-	
				-	-	9 28	14 5	-	-	-	-	-	
	238	8	Bapu Sultana	-	-	2 35	2 4	2 0	2 0	-	-	-	1
	239	Out of 35	Nagu Laxman	-	-	7 27	5 0	4 0	4 0	-	-	-	1
	240	Out of 99	Tukaram Vithu	-	-	20 0	11 0	9 0	9 0	-	-	-	2
	241	Out of 7	Mahadhaavrow Vithal	-	-	0 18	19 0	18 0	18 0	-	-	-	2
	242	Out of 6	Bapu Sultana	-	-	0 24	7 8	6 0	6 0	-	-	-	
	243	Out of 5	Nagu Shiva	-	-	6 10	2 12	1 8	1 8	-	-	-	
(Contd.)													

(Contd.)

Tabular Statement of the Original and Revised Rates of Assessment in the Village of Kheirgaum. (Concl'd.)

New No.	Sub-division	Old No.	Names of Khatedars	According to Old Survey		According to Revision Survey		Per cent Enhancement		No. of Years uncultivated	Actual Years Uncultivated	
				Area	Assessment	Area	Assessment at the time of the Introduction of Revised Rate	Assessment reduced according to Government Resolution	Original			As reduced by Government
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
244	1	Out of 5	Sakharam Nimba	A.	RS.	A.	RS.	A.	RS.	A.		
	2	-	Sambhu Mahadu	-	-	5 4	5 10	3 1	0 14	2 1	0 8	-
				-	-	9 15	4 4	14	-	-	-	-
245	-	Out of 5	Pandu Dhondu	-	-	8 30	7 8	7 0	-	-	-	-
246	-	Out of 2	Chaturbhuj Laxman	-	-	11 25	7 8	6 0	-	-	-	-
247	-	Out of 1	Rowji Mayaji	-	-	0 6	0 1	0 1	-	-	-	-
	-	-	Narayan Sakharam	-	-	0 28	0 5	0 2	-	-	-	-
	-	-	Mhapa Kasu	-	-	0 4	0 1	0 1	-	-	-	-
-	-	-	Rama Hasu	-	-	0 4	0 1	0 1	-	-	-	-
-	-	-	Krishnaji Khunderow	-	-	0 14	0 2	0 1	-	-	-	-
-	-	-	Tukaram Vithu	-	-	0 4	0 1	0 1	-	-	-	-
-	-	-	Deoji Sadashiv	-	-	0 19	0 4	0 1	-	-	-	-
-	-	-	Gopal Dhondi	-	-	0 5	0 1	0 1	-	-	-	-
-	-	-	Kusa Dhondi	-	-	0 6	0 1	0 1	-	-	-	-
-	-	-	Gopal Govinda	-	-	0 6	0 1	0 1	-	-	-	-
-	-	-	Hanmanta Hari	-	-	0 14	0 2	0 1	-	-	-	-
248	-	88	Madhow Vithal	41	16	27	0	37	0	35	0	1848 to 1854
249	1	84	Bhiva Nimba	21	39½	23	10	27	3	26	0	1849 to 1852
	2	-	Mhalu Moghaji	-	-	2	0	3	0	2	8	-
250	-	Out of 5	Masu Sidu	-	-	25	10	30	8	-	-	-

**MEMORANDUM BY MR. AUCKLAND COLVIN.***Object of the Memorandum.*

As I shall be shortly making over to my successor my place on this Commission, it may be well that I should leave some record of my views. The inquiry is still too incomplete to allow of my treating the subject exhaustively, but I may succinctly review the result of our investigations so far as they have now gone, and note down my conclusions.

*Causes of present crisis general and special.*

2. We have, first, to show what are the causes which have led to the depressed condition of the ryots; and, secondly, to ascertain what causes at the present moment, more than at any other, have stimulated the ryots in certain districts to take up a position of active hostility to their money-lenders, with whom they had hitherto lived amicably. The former, as common to Poona and Ahmednagar (and I may now add Sholapur), with other Bombay collectorates in which a similar condition prevails, should be general causes, and on the whole constant in their operation; the latter we may expect to find special, and restricted in their operation to the disturbed collectorates. I will take first the general causes.

*(1) Former indebtedness.*

3. The extracts made by the Commission from the Bombay Records show clearly enough that indebtedness is no new thing. I need not illustrate this at any length, for the papers I refer to amply prove it. Thirty or forty years ago the "improvident ryot," the "fraudulent Marwari," and the "courts" passed regularly through the pages of the Government correspondence precisely as they figure to-day. "The usurious character of the village banya is notorious," wrote Mr. Rose in 1848, and attributed "the poverty of the Deccan ryot 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 banya 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." So, too, Captain Anderson, writing in 1854 of Taluka Newása, in the Ahmednagar collectorate:-

I am led to believe, from inquiries made by me at the time of settlement, that about two-thirds of the ryots are in the hands of the Marwaris, and that the average debt of each individual is not less than Rs. 100. This under any circumstances would be a very heavy burden on the agricultural population, and owing to the harsh and usurious proceedings of many of the Marwaris, the system has engendered so much bad feeling, and the outcry regarding it on the part of the ryots is so loud and general, that it would be most satisfactory if measures could be adopted for the mitigation of its attendant evil."

And again, in Taluka Kharda:-

"The principal outcry, however, here as elsewhere, is against the Marwaris and the civil courts."

It will be enough to add here that the present debts are in a great measure the issue and outcome of the old indebtedness, and it is *the ancestral debt* which I should place first among the general causes.

*(2) Effect of survey and settlement on credit.*

4. But it was believed that the survey, by ensuring a light assessment, would enable the cultivator by degrees to free himself from the debt which hung round him. That the introduction of a light assessment might ultimately increase the ryot's embarrassments does not seem to have been generally foreseen, though Sir George Wingate, in 1852, warned the Government of it and asked for precautionary measures. (I cannot quote his letter, for it is passing at this moment through the press in Bombay.)

Colonel Francis, Survey and Settlement Commissioner, Northern Division, in writing in 1867 of the revised assessment of the Indápur Taluka of the Poona district,-

"The present value of land represents another addition to the material wealth of the people of the district-ascribable to the settlement. It has been shown in the first part of this report that prior to the introduction of that measure there were hundreds of acres lying waste and unprofitable, which no man cared to cultivate owing to the oppressive nature of the assessment and our defective system of revenue administration. All those broad acres have not merely been brought under tillage and thereby rendered profitable to the State, but their occupancy right has become a valuable private property. In proof of this I would refer to the results of the several land sales which have taken place during the last two years.'

And he goes on to state that the-

"Right of occupancy in land held under the settlement is now worth 17 years' purchase of the assessment. We may consequently assume that the private property pertaining to the occupancy of land now vested in the inhabitants of this district represents a capital of upwards of 13 1/2 lakhs." -*Selections from Bombay Records, No. CVII., New Series, pp. 51-52.*

Similarly, in the debates on the passing of Act I of 1865, Sir W. Mansfield said that from 1850-51 to 1860-61 cultivation had increased "by upwards of 5,000,000 acres, i.e., upwards of 40 per cent." This was no doubt all very true, and if the survey had found a district even tolerably free of debt, this creation of a new and valuable property would have been to the ryot's benefit. But "with a district half depopulated," and with heavy outstanding balances betokening the poverty of the people and the low "state of its agricultural resources" (*ibid.*, p. 21), the rapid rise in the value of property served probably to inflate the credit of an uneducated people and to open a further field for money-dealers. The stock, seed, and cattle necessary for extended cultivation could have been obtained only on the credit of the "broad-acres," which were probably in great measure broken up with

aid of borrowed capital. The sudden creation of a new and good security would tempt to improvidence on the one hand and to speculation on the other. Extraordinary facilities for borrowing would be given to cultivating classes, too ignorant to use the opportunity to advantage, and too involved to be able to profit by it. Greater certainty of recovery would be assured to the moneyed classes, who live chiefly on the necessities of the cultivators. As one of the settlement officers of the day put it:-

"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. -Lieutenant Burgess, Bombay Selections.

Similarly we read:-

In 1841 Mr. Hart writes:- 'Since the introduction of the present fixed assessment, the population of the district has much increased, cultivation has been rapidly extended, and the Government revenues annually enlarged, with less necessity for the grant of remissions, while the social as well as pecuniary condition of the peasants has been perceptibly improved.' He points out, however, *an evil arising from the reduction of assessment, viz., the too suddenly extended cultivation naturally caused by it*; so that a man instead of being contented with the land that he had and could cultivate, and saving money to increase his stock, took up twice as much land, which he could not cultivate properly, and on which in a bad season he was sure of remission." - P. 248, No. CXLV, Bombay Selections.

This *sudden impulse given to credit, and artificial stimulus applied both to creditor and debtor by the survey assessments* may, I think, come next among the general causes of the present indebtedness.

### (3.) *Effect of high prices on credit.*

5. But while this addition to the value of their property was by no means unmixed benefit to the agriculturists, a further increase of thriftlessness on the one hand and of greed on the other was unquestionably caused by the sudden and short lived prosperity which accompanied the high

prices consequent on the American war. Prosperity coming suddenly to men who do not know how to use it opens a side door to ruin, and no men did it ever visit more suddenly, or find more unready, than the Kunbis of the Deccan. In the debate above alluded to Mr. Robertson said that land then sold for 20 times the annual assessment, Mr. Cassel adding that 30 was nearer the mark. If in some cases they cleared off their debts, they incurred in many others fresh liabilities, while their larger credit enabled them to sow on a scale more profuse than hitherto the seeds of future embarrassments. The stories told of the careless extravagance of those days—silver tires to cart-wheels, fabulous prices paid for fancy bullocks, and so on—are numerous: and withal there occurred a sensible improvement in the style of houses and of living. To a class already in debt a brief season of high prices brought in this manner further ultimate embarrassment, and by giving them for a time a taste of better things, made more intolerable to them the difficulties which they had hitherto accepted as their inheritance. *The temporary prosperity, then, of 1862-65 may be added to the general causes which have led to the present crisis.*

#### (4.) Fall of prices.

6. The relapse into low prices with its consequences of contracted credit and pressure of creditors has been almost as rapid as the rise in prices. The table at page 15 of Mr. Pedder's "Leading Points regarding Revision of Settlement" shows that from 1857 to 1860, 35 seers of jowari sold for the rupee; from 1861 to 1866, 18 seers; from 1870 to 1872,  $27\frac{1}{4}$  seers; and in September, 1874, 50 seers. In the Indápur Taluka the average price of jowari was 13 seers in 1863-64; in 1874, 50 seers. In Haveli, bajri sold in the five years 1866-70 for 14 seers, and in September, 1874, for 23. The result of so sudden a fall would be felt in two ways. It would induce the creditor to press for settlement of account, and

it would at the same time greatly diminish the debtor's power of payment, so that *the sudden fall of price since 1865-66* comes next.

#### (5.) Effect of fall of prices on credit illustrated by registration and litigation.

7. The registration returns at present before the Commission illustrates in a measure the pressure of falling prices and decreasing credit. It is probable that they will be considerably added to, but the following figures will serve my present purpose.

In Ahmednagar the following figures show for all offices, except the city and Nagar taluka (excluded as being mainly non-agricultural), the number of sales and mortgages of immovable property, whether more or less than Rs. 100, during 1866-74:-

Number		Number	
1866	3,440	1871	4,274
1867	3,663	1872	4,585
1868	4,700	1873	3,803
1869	4,722	1874	2,912
1870	5,891		

Again, in the talukas of Sirur, Indápur, and Bhimthari of the Poona district, the following are the figures for the number of instruments of sale and mortgage of immoveable property whether over or under Rs. 100:-

1866	1,428	1871	1,708
1867	803	1872	1,967
1868	804*	1873	1,833
1869	1,438	1874	1,122
1870	1,729		

\* Approximate; actual figures given only for three months.

In either case the rise up to 1872 and the sudden fall of the last two years will be noticed. It would seem that while up to 1872 credit was largely and increasingly drawn upon, during the last two years

it has shown signs of exhaustion; the fall in 1874 being especially remarkable. I have not given the values, because I do not believe they are real values. Land is frequently sold or mortgaged for sums which do not represent its true price or the *bond fide* debt, but the figure which it has reached after the accumulation of compound interest, which the creditor never hopes to recover, and which is merely put on to swell the apparent debt.

Again, the relative numbers of applications for execution of decrees during the last four years, as shown in the Government Administration Reports, have been as follows:-

1870-71 -	185,133	1872-73	205,192
1871-72 -	187,808	1873-74	266,584

I am not sure whether in the last entry the figures for Sind (which are excluded in the former years' statements) are not included, but they would make but little difference. In 1871 they amounted to 7,259, and in 1872 to 7,591 only.

Similarly, take the total value of suits:-

1871-72	1,38,54,789
1872-73	1,44,33,646
1873-74	1,80,85,122

The subordinate judge of Pátas gives the following return of suits and applications for execution:-

Year	No. of original suits	Applications for execution
1871-72	1,532	2,054
1872-73	1,766	1,881
1873-74	1,489	2,107
1874-75	1,966	2,691

From another return I find that the total of suits in the several Poona courts was 9,076 in 1874, against 6,889 in 1865.

The above figures will illustrate the pressure put upon the people during the last two years. The number of applications for civil imprisonment; the number of debtors imprisoned, and the comparative number of suits for money debts would doubtless bring the point out clearer but unfortunately the appendices to the Bombay administration reports vary so constantly that it is impossible to obtain from the report of one year figures corresponding for other years, or even, in some cases, to reconcile figures purporting to show the same results for a single year.

Whether, again, during the last four years there has been any increase in the number of coercive processes for the realisation of land-revenue the administration reports do not show. But enough has been entered here to illustrate the cause which I should place next among the general sources of the present embarrassments, viz., *the pressure put upon debtors owing to the fall in prices and the necessity of contracting credit.*

*Three remaining causes.*

8. The other three general causes may be at present more briefly noted, for though most important in themselves, the one is self-evident, while the two latter require more analysis than can be given at this stage. They are, *the extreme ignorance of the cultivating population; the facilities given to creditors by the law; and the growth of the population on the soil, combined with the decreasing area of cultivable waste.*

*Causes special to the disturbed districts.*

9. The above then are the general causes which appear to me to have led to the present condition of the ryots. So far as I have been able to ascertain they apply, though with varying force, to all parts of the Presidency. There remains to consider the group of special causes which particularly affect the tracts which were the scene of the late disturbances.



### *Original poverty, Poona.*

10. In the first place, the *population has been long described as exceptionally poor*. The following extracts will illustrate this. The first is from a report by Lieutenant Robertson, Assistant-Superintendent, Revenue Survey, writing in 1840 of Pábal in the Poona district:-

"The condition of the people of this turruf is by no means so impoverished as of those who fell under my notice further eastward in the Sholapur Collectorate, and the existing assessment, although unquestionably too heavy, is not so intolerable as elsewhere. *Wretched though the peasantry be, yet they are some shades better circumstanced in their house, clothing, and personal necessities, and also in their stock and agricultural essentials.* The villages are in many places much dilapidated and their walls crumbling to the ground. There are 33 chowrees, of which 19 are inhabitable and the remainder in a miserable plight." - Bombay Selections, No. CXLV, p. 139, *Pábal Revision*.

Writing in 1872, Colonel Waddington spoke of their condition as showing a "marked improvement," and that they might, on the whole, be said to be in prosperous circumstances. But he admits that they are still in the hands of "the money-lenders" (p. 115).

Colonel Wingate, writing in 1841, and forwarding Lieutenant Robertson's report, adds:-

"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*" (pp. 148-149).

Again, of 39 villages which formerly belonged to the Supa division of the Purandhur pargana, but of which 30 were afterwards transferred to Bhimthari and nine to the Purandhar Taluka, Lieutenant Evans says :-

"The district is now in course of transition *from a state of great depression to one of comparative prosperity*" (p. 215).

Of 54 villages in, the Pimpalgaon division of the Bhimthari Taluka, Poona:-

"What is stated there of the Kurkumb is equally true of the Pimpalgaon division of the pargana. The plundering of Holkar's army, the famine which ensued, the alteration in the value of money, and the ravages of cholera, have all combined to the injury of the district. Their effects are visible in the falling out of cultivation of more than half the pargana, in the ruin of the villages, in the accumulation of balances, and in the constant necessity for remissions" (p. 279).- *Captain Nash, 1839.*

The Indápur Taluka, Colonel Francis writes, was in 1832-33-

"Half depopulated by the effects of mismanagement and the unscrupulous rapacity of native officials, with falling revenue and annually decreasing cultivation, with heavy outstanding balances, betokening the poverty of the people and the low state of its agricultural resources." - P. 21, *Indápur Revision*, No. CVII.

Like the other talukas, it improved under the revised survey ; but it must be borne in mind that, when the observations were made of which Colonel Francis recorded the satisfactory result in 1871-72, the effect of the recent high prices was still marked, and the period of prosperity was as exceptional as its depression 35 years before had been singular.

### *Ahmednagar.*

#### Of the Ráhuri Taluka of Ahmednagar -

"It possesses little capital of any kind. The general poverty of the cultivators has made them fall an easy prey to the Marwaris and other money-lenders, who are to be found in every large village, and there are few cultivators of independent means who are able from their reserve funds to meet the losses caused by a bad season, the death of a bullock, or other unforeseen calamity. In an unfavourable year many ryots are even unable to earn a livelihood, and are forced to desert the district and proceed to Bombay and other places in search of labour."- P. 7, CXVII, *Captain G. Anderson, 1849.*

#### Of Newása -

"A great majority of the ryots is deeply involved in debt" (1854, *Captain Anderson, CXXIII*, p. 13). "Such is the poverty of the husbandmen of this and other districts that they appear to be all dependent upon the sowkars, who exact from them 20, 30, or even 40 per cent" (p. 176, *ibid.*, *Lieutenant Day on Newása*, 1848). "After a careful consideration of all available

information, I am of opinion that about one-eighth of the agricultural class of the district may probably be in easy circumstances, but that the remainder are in *different degrees more or less of absolute poverty*" (*ibid.*, p. 192, Mr. Gooddine, 1851)." Although more favourably situated as regards climate than the southern villages in the suba of Párner and the petta of Kolgaon, still these villages seem to me to be the most impoverished in the district. The apparent state of poverty in which the ryots seem to be would bear me out in this opinion. *They one and all struck me as being in a wretched state of indigence.*" - P. 194, Mr. Davidson on the Kharda Taluka, 1842.

#### *Further consideration of soil, &c.*

11. The above extracts seem to me to show pretty clearly the exceptionally impoverished state at the last survey of the Collectorates of Poona and Ahmednagar, the scene of the recent disturbances. The following further information as to the nature of the country, the soil, rainfall, and crops will fill in the picture and bring out into further relief the exceptional character of the tracts:-

#### *Indápur taluka (Poona) Rainfall, soil.*

"The climate of Indápur has unfortunately, however, prevented the cultivators from realizing that material wealth which is indicated by the immense rise in price of grain referred to above. *The rainfall is most precarious.* For two or three consecutive years together it is either insufficient or falls so untimely and at such long intervals apart *that no crop is brought to maturity.* A good average crop every other year is too liberal an allowance as an average of the general run of seasons. From the jumabandi reports it would appear that the cultivators get a good crop *about once in three years*; that of the other two, one is a year of almost complete failure, and one of middling crop only." - P 73, No. CVII, *Revision of Assessment of Indápur Taluka, Colonel Francis, 1867.*

The average rainfall during five years was 5.85.

#### *Haveli taluka. Crops; rainfall.*

In the Haveli Taluka of Poona, 34.5 of the total cultivation of Government and Inam lands is bajri; 40.4 is jowari; 13.5 waste. In other words, dry crops of the least remunerative kind are almost the only crops grown. The rainfall in Poona, is

27.07; in Pátas, 14.18. - Pp. 16, 17, *Papers relating to Revision of Haveli and other talukas in the Poona Collectorate, No. CXLV, Bombay Selections, New Series.*

#### *Pábal Rainfall; cultivation.*

In Pábal the rainfall averages 14.91; in Sirur, 13.81; in Junnar, 21.07; in Ghorg, 20.1; in Khed, 19.86. Of a total proposed assessment of Rs. 15,854 in Pábal Rs. 15,733 is for "jiráyet" or dry land. Of a total of 13,841 acres, 12,772 are "jiráyet." - *ibid.*, pp. 114-128.

#### *Súpa crops; rainfall.*

In Supa petta:-

"The kharif crops are, bajri with mung, &c., the only rabi crops being jowari, among which a good deal of kurdai is sown broadcast. In the northern and eastern villages the late crops and in those to the west and south the early crops predominate. Cultivation is very carelessly conducted, except in a few villages, and the crops overrun with weeds. Land is not ploughed more than once in three or four years and the use of manure on dry crop lands, except to a limited extent by the folding of sheep, of which great numbers are reared, is apparently unknown. The garden lands, which are almost exclusively under irrigation, are by no means of a high class." - *Ibid.*, p. 189.

The rainfall is 17.51 (p. 193).

#### *In Bhimthari-*

"The country is an open plain. The soil is productive, while the rainfall is capricious, unequal, and too often scanty." - *Ibid.*, p. 239.

Of the cultivated area in 48 villages, 35.6 was jowari, 43.4 bajri, 10.5 unoccupied waste.

#### *Newása taluka (Ahmednagar). Cultivation.*

12. In the Ahmednagar Collectorate, Newása Taluka is described as having a naturally fertile soil, and, with good tillage, capable of yielding very rich and luxuriant crops. - No. CXXIII, *Bombay Selections*, p. 9. But-

"The cultivation is principally dry crops. Garden crops, notwithstanding the plentiful supply of water, are only raised in the proportion to the entire cultivation of about one acre per cent" - (*Ibid.*)

#### *Khorda. Poverty of soil.*

#### Khorda-

"Is composed of a succession of plains or table-lands of hills (volcanic) intersected by deep ravines, the termination of the table-lands throwing off numerous spurs into the successive small plains or valleys below them, which altogether form a most intricate and rugged surface.

The fertility of a district thus geologically formed, and the surface of which is so irregular, will of course vary greatly in different localities. It is generally allowed by geologists that volcanic rocks form the most fertile and inexhaustible soils; but much depends on their class and upon the comparative level of their surface. The soil of the plateaus or level plains on the tops of the hill, being derived from the substratum of basalt, is in general very fertile; but that derived from the amygdaloid is much less so, which may be partly owing to its position and partly to its decomposed materials producing an excess of lime, soda, or other noxious salt. *The proportion of this rock is far greater than the basalt*, and it is difficult to convey an idea of the sterile and desolate appearance of the slopes of the hills which are composed of it. \* \* \* On the whole, I think the district, for its size is one of the poorest we have yet measured." - *Ibid.*, pp. 183-184.

Of Nagar, the soil, like the climate, "varies considerably, owing to the numerous hills. The fall of rain, within limited localities, is very irregular." *Ibid.*, p. 81.

#### Kortee-

"In its aspect 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." - *Ibid.*, p. 103.

#### *Population.*

When it is added that the population of Indápur is 119 to the culturable square mile, and about the same ratio in the other talukas, sufficient information will have been given to show why I should class as the second of the special causes *the exceptional character of the country.*

#### *Enhancement of revenue at the revised assessment.*

No. 5,739, dated 29th October 1874

No. 4,515, dated 11th August 1875

No. 5,200, dated 11th September 1875

No. 5,133, dated 9th September 1875

13. Ahmednagar has not as yet come under revision of assessment, but several of the Poona Talukas have been re-assessed. The Government in their resolutions marginally noted, have ordered a material reduction both in the rates of assessment and in the amount of increase to be imposed in individual cases, or on groups of villages, or on talukas; but I am dealing at present with the assessment as imposed by the survey on revision, with its effect at that time and since upon the relations of creditor and debtor, and with the mode in which it may have operated to dislocate the amicable relations hitherto existing between them.

#### *Enhancement of revenue at the revised survey assessment.*

14. We have been favoured by Colonel Francis with returns showing the former and revised assessments in the talukas of Bhimthari, Indápur, Sirur, and Haveli. To illustrate the effect of the new settlements on the villages concerned I note the following cases, premising that they are not selected, but are simply every fifth entry:-

Taluka and Village	Old Assessment	New Assessment	Old Average Rate			New Average Rate			Cultivated Area	
									Old	New
(1)	(2)	(3)	(4)			(5)			(6)	(7)
Bhimthari Taluka	RS.	RS.	RS.	A.	P.	RS.	A.	P.	ACRES	ACRES
Mirwadi	820	1680	0	6	9	0	13	8	1951	1963
Bori Aindi	1375	2318	0	7	5	0	10	0	2953	3721
Walki	1545	2699	0	10	4	1	0	1	2398	2526
Panaoli	342	453	0	5	11	0	6	4	913	1150
5 Khutbar	867	884	0	6	2	0	6	0	2246	2368
Bori Pardhi	1051	1869	0	7	1	0	11	3	2371	2665
Roti	490	658	0	5	5	0	6	2	1440	1702
Hingun Gadi	693	1041	0	3	10	0	4	4	2899	3379
Sirsuphal	2665	4372	0	3	7	0	4	7	11999	15190
10 Pedgaom	1180	2138	0	7	9	0	13	8	2440	2509
Wadgaon Darakar	628	1031	0	9	10	1	0	2	1024	1019
Ambi Khurd	476	601	0	4	9	0	5	7	1595	1734
Chopdaj	865	1231	0	6	4	0	7	10	2191	2503
Walki	669	744	0	6	5	0	6	7	1668	1806
15 Murum	2130	2911	0	7	9	0	9	5	4395	4963
Sonaoli	969	1458	0	5	6	0	7	11	2824	2948
Jalgaon	1770	2625	0	7	2	0	10	3	3941	4089

In the three next talukas will take every tenth entry only, as the record becomes cumbrous.

Taluka and Village	Old Assessment	New Assessment	Old Average Rate			New Average Rate			Cultivated Area	
									Old	New
(1)	(2)	(3)	(4)			(5)			(6)	(7)
<b>Indapur Taluka</b>	RS.	RS.	RS.	A.	P.	RS.	A.	P.	ACRES	ACRES
Indapur	4981	8226	0	5	0	0	6	9	16028	19464
Bhaudgaon	1242	1854	0	6	11	0	9	11	2888	2999
Shetphal	1394	2102	0	6	4	0	9	4	3510	3607
Bhandi	469	780	0	5	10	0	8	8	1286	1445
Sugaon	533	979	0	6	7	0	10	11	1288	1434
Akola	1173	1751	0	5	3	0	6	11	1636	2217
Loni	1261	1860	0	6	3	0	8	8	3249	3429
Udhat	685	898	0	7	11	0	10	0	1390	1438
<b>Sirur Taluka</b>										
Kanhur	4177	7401	0	7	0	0	14	4	7790	8279
Shikrapur	4162	5587	0	6	0	1	0	9	5333	5445
shiniakrar	203	373	0	11	0	0	15	4	272	390
<b>Haveli Taluka</b>										
Ghorpari	890	1891	1	2	8	2	4	11	764	819
Wadgaon Sheri	475	931	0	7	5	0	12	3	1027	1213
Pashan	1558	2454	0	10	9	1	0	7	2314	2364
Nandoshi	680	1037	0	11	3	0	15	7	969	1064
Phursaugi	3153	5239	0	14	0	1	6	0	3613	3817
Mulkhed	669	1098	0	14	6	1	5	7	740	814
Kolewadi	1912	3696	0	9	10	1	0	2	3123	3652
Pimpri	1689	2718	0	9	6	0	15	1	2834	2887

*Enhancement not to be calculated as in Upper India.*

In estimating the significance of these figures it must be remembered that the "old assessment" does not mean, as ordinarily in the north-west provinces, the assessment of the *first* year of the expiring survey, but of the last year, - *i.e.*, the year immediately preceding the introduction of the new assessment. The amount paid *during* the currency of the settlement increases as assessed land is brought under cultivation, and the increase between the first year of the original and the first of the revised demand is in most cases very much greater than would seem from the above figures. This will be illustrated presently, but before passing to the illustration, it must be further noted that "old cultivation" means the cultivated area in the year immediately prior to the new survey. The new survey shows in many cases different figures of cultivation, because in the districts which 30 years up were the first to come under the present system of survey the classification of uncultivable land was often inaccurate, and included much

which was cultivated during term of settlement and at revision was accordingly entered as cultivated. To this re-classification much of the enhanced assessment is due. The new assessment also, it must be added, represents the assessment on all assessable lands, though all assessable lands may not be actually taken up at the time of the survey. However, as a matter of fact, they almost all were taken up in the talukas now in question; the area of land not taken up is infinitesimal; and for purposes of comparison the assessment of the first year of the revised survey may be taken as the full assessment.

*Illustrations of extreme cases of enhancement.*

It will be well to note here a few of the extreme cases of enhancement, apparently not due to any errors of survey, and in which the increased area of cultivation does not account for much increase in revenue. In this, as in the previous figures the entries under the old and new average rate should be noted for comparison:-

Taluka	Village	Old Assessment	New Assessment	Old Average Rate			New Average Rate			Cultivated Area	
										Old	New
(1)	(2)	(3)	(4)	(5)			(6)			(7)	(8)
	Taluka	RS.	RS.	RS.	A.	P.	RS.	A.	P.	ACRES	ACRES
Bhimthari	Kasurdi	1283	2326	0	8	9	0	14	8	2343	2543
	Kedgaon	2241	3820	0	7	8	0	12	8	4672	4828
	Pargaon	4086	7962	0	9	1	0	15	4	7214	7637
	Naugaon	2776	4892	0	10	6	1	2	1	4222	4319
	Khopodi	489	960	0	9	0	1	1	7	873	875
	Dapodi	1510	3026	0	9	4	1	2	1	2588	2666
	Pátas	2527	3591	0	7	6	0	11	6	5391	5004
Indapur	Banda	6787	10528	0	6	3	0	9	1	17348	18482
	Warkuta	1194	2289	0	4	5	0	7	5	4322	4955
	Ajoti	559	1163	0	6	3	0	11	11	1438	1562
Sirur	Talegaon	11631	19184	0	11	2	1	1	0	16691	18030
	Pimpli	662	1006	0	10	3	0	14	8	1037	1099
	Kotasirur	2440	4742	0	4	0	0	6	11	9610	10905
Haveli	Bhamburde	1094	2459	0	10	9	1	8	3	1633	1618
	Hadapsar	3288	5599	0	14	4	1	7	9	3676	3773
	Nandira	1041	1406	1	2	2	1	14	3	915	900
	Balawadi	633	1129	0	12	11	1	6	3	784	812
	Naugaon	1693	3227	0	8	2	1	13	5	3330	3849
	Kolewadi	1912	3696	0	9	10	1	0	2	3123	3652

*Comparison of enhancement between the initial years of the two surveys.*

In further illustration of the initial assessment imposed at the two surveys, I take the following, figures:-

Taluka	Average Collections		Assessment of Revised Settlement on cultivated Land (excluding waste)
	First 10 years of Settlement	Last 10 years	
(1)	(2)	(3)	(4)
	RS.	RS.	RS.
*Indapur	65220	83048	124506
†Haveli (84 villages)	69744	78152	134189

Taluka	Average Collections of First Six Years of Survey	Average Collections of last 10 years	Revised Assessment
	RS.	RS.	RS.
‡Pabal (56 villages)	8178 (Collections of first 10 years)	92297	152228
\$ Supa (39 villages)	48856	55500	81943
# Bhimthari (48 villages)	43407	72588	129842

\* Pages 39, 76, Indapur No. CVII

† Pages 84, 90, Haveli No. CXLV

‡ Pages 120-123 and paragraph 2, Government Resolution dated 29th October 1874, No. 5739.

\$ Pages 195-21 and paragraph 235.

# Pages 250-253.

It is not very easy to any one unfamiliar with the local system of reports and tables to pick out figures like the above; but I have given the pages at which the figures will be found, and perhaps the Commission will be good enough to satisfy themselves of their accuracy.

The result would seem to be, then, that in the villages of the above five talukas, of which the printed reports are before me, the increase in 30 years was as follows:-

Taluka	Collections of First Period of Initial Settlement	Revised Assessment at expiry of 30 years	Percentage of Increase in the thirtieth year over the Collections of the First Period
(1)	(2)	(3)	(4)
	RS.	RS.	RS.
Indapur	65220	124506	90
Haveli	64452	134189	108
Pabal	66508	152228	85
Supa	48856	81943	68
Bhimthari	43407	129842	199

*Survey figures of enhancement in five Poona Talukas.*

The real increase is considerably greater, because the collection of the *first decade* were considerably in excess of the collections of the *first year* of the old survey. Finally, a statement furnished by Colonel Francis shows the percentage of increase between the assessment in the last year of the old settlement and the *first year* of the new a single year to be as follows:-

	Percentage.
Indápur	56
Pábal	48
Haveli	66
Bhimthari	63
Supa	32

*Effect of survey enhancement.*

The highest percentage of increase in any district in the North-West Provinces between the first year of the old and of the new settlement (a period of 30 years) has hitherto been 36, and this is in the exceptional, because recently reclaimed districts of Gorakhpur and Basti: the average for the province is 16 per cent. The difference between the land cultivated at the old and the new assessment has been enjoyed by the agricultural classes in that province for 30 years. At the end of that term they have undergone an enhancement of 16 per cent, once and for all, *over a term of sixty years*. Payment of a full assessment on lands broken up during settlement, as well as of a sum down for the right of occupancy, and further payment of enhanced revenue on the whole holding at revision, leaves but a scanty balance for accidents or bad years. The effect, moreover, of so great and so sudden a rise as 50 or 60 per cent on the credit of cultivators is obvious; but that effect, in the case before us, must have been greatly aggravated from the fact that the introduction of these heavily enhanced assessments was synchronous with the commencement of

reaction, failing credit, falling prices, and pressing creditors. The period during which the new demand was introduced ranged from 1868-69 to 1874-75. There were further circumstances attending the revision of the demand which will be noticed presently, and which must have added to the force of the blow struck by revision at the value of landed securities. For fuller information on this point, we want a return showing for the districts which have come under revision figures for the last 10 years giving the number of processes, the number of sales and of remissions the amount of land thrown out of cultivation, and the amount of interest or fines annually levied on arrears. The collector of Poona has stated that "the difficulty of collecting the revenue has largely increased" (No. 1992 October 1875), giving as chief among other reasons that -

"Most of the land is mortgaged, and that the money-lender has to pay the assessment, which he will not do until he has exhausted every artifice to obtain a reduction of assessment."

I think the above considerations justify me in placing *the excessive enhancement of the revised settlements* as third among the special causes which have combined to disturb the relations of debtor and creditor in the Poona district, and the adjoining Ahmednagar district, in which survey will shortly commence.

*Great prevalence of Marwaris in the Deccan.*

15. The only other cause which I have to specify here as specially affecting the Deccan is the extent to which it has apparently been made the scene of the Marwaris operations. I speak of course with no personal knowledge, but I am told that the Marwaris are peculiarly numerous and active in the Deccan, and as they are the most pushing and unscrupulous of money-lenders, it is probable that they have not spared the ryot at this crisis.

16. So much for the causes of indebtedness generally, and for the special causes which have combined with them in the disturbed tracts to tighten the relations between the money-lenders and the cultivating classes. With the immediate motives for the outbreak I am not at present concerned. The Commission will deal with them in due course. What I wish to bring together here are the causes which made the districts ripe for mischief.

*Action on the cultivating classes of the above causes.*

17. The condition of the ryot, as he is to be found in the districts of Poona and Ahmednagar, is then the result of all these concurring causes. The report of district and other officers will be quoted to support the following brief description of what that condition now is.

*Sketch of the present condition of the Kunbi.*

18. The Kunbi, especially if a headman, is occasionally prosperous and able to invest of his little capital in petty loans; more often he is involved in the commencement or the midcourse of difficulties, the issue of which every day's observation of his fellows may teach him; and in a large number of cases, he either is in or is about to occupy the curious position which seems likely to be the outcome of all the expenditure in surveys. The position is that of a man recorded as occupier of his holding, and responsible for the payment of revenue assessed on it, but virtually reduced by pressure of debt to a tenant-at-will, holding at a rack-rent from, and sweated by, his Marwari creditor. It is in that creditor's power to eject him any day by putting in force any one of the decrees he has against him; and if allowed to hold on, it is only on condition of paying over to his creditor all the produce of his land not absolutely necessary for next year's seed grain or for the support of life. He is indebted on an average

to the extent of 16 or 17 years' payment of the Government revenue. He has nothing to hope for, but lives in daily fear of the final catastrophe. Under a so-called ryotwari system it is gradually coming to this, that the ryot is the tenant and the Marwari is the proprietor. It is a zemindari settlement; but it is a zemindari settlement stripped of all the safeguards, which under such a settlement in Upper India are thought indispensable to the tenant. The proprietor is irresponsible; the tenant, unprotected. It promises to become not a ryotwari, but a Marwari settlement. The settlement is more and more between the Government and the Marwari, though neither declares the position. While the Marwari has no wish to possess himself of the land, but of its produce only, the Government, so long as the Kunbi is recorded as proprietor, hesitates to look below the surface. Hence, the survey, which 30 years ago in debt, but with thousands of waste acres to fall back upon, returns to him and finds him more in debt than ever, but with little or no reserve of waste acres. Nevertheless, it calls on him for largely increased payments; and the Marwari, on whom the increased payment falls, replies to the call not by remonstrating the assessment, but by squeezing fresh bonds or by taking his debtor into court. The Kunbi's last state is worse than his first, and from all sides the pressure on him is increasing. To demonstrate the truth of the above sketch. I will quote from the reports of district and judicial officers, and give illustration's from the figures gathered by the Commission.

*District Deputy Collector, Khandesh, para 11, No 108, dated 12th July 1874.*

19. "It appears from the circumstances which came now and then to my knowledge connected with the realisation of land revenue, that the condition of some of the land-holders has been actually worse than that of day labourers. Though



they with their family members work hard throughout the year, they are obliged to take the whole produce to their creditors, and to stand at their mercy for livelihood and even for the assessment of land. They have no liberty to dispose of the fruit of their labour - a very grievous state of things indeed."

*Collector, Nasik, No. 2518, dated 24th July 1874.*

"But what more than all keeps the people down is the unfortunately common custom of the ryot making over the whole of his crop to his sowkar, who takes it at his own valuation, often a most unfair one; and thus the ryot when once in the money-lender's hands is never allowed to get free.

*First Assistant collector Ahmednagar, No. 188 dated 6th July 1874.*

The ryots, especially in Sheogaon and Neware are in a very impoverished state, and I believe that in numberless cases they are actually only cultivating as servants of sowkars, although the land may still be standing in their own names. The farm bullocks, and indeed everything of value, either belong to the money-lenders or are mortgaged to them, and these money-lenders sweep off the crops as soon as harvested, only leaving with the ryots barely sufficient to eke out a subsistence till the following year. They are too ignorant and powerless to help themselves, and gradually, unless measures are taken to protect them, must become extinguished as a class of tenant farmers, and must descend to be farm servants or labourers in the employ of Marwaris or other capitalists."

*Second Assistant collector, Ahmednagar, No. 253, dated 4th July 1874).*

"The present land assessment is light and takes but a very small proportion of the produce of the soil; still there is a great deal of trouble in getting

it paid. The people were said to be deeply in debt, when the survey was introduced nearly 30 years ago, and it was hoped that the moderation of the new rates would enable them to free themselves. They are, however, more involved now than they were then, and the bonds registered in our offices show how hard are the bargains made with them."

*Collector, Poona, No 1992 dated 4th October 1875.*

"The difficulty of collecting the revenue has largely increased, owing chiefly to the fact that most of the land is mortgaged, and that the money-lender has to pay the assessment, which he will not do until he has exhausted every artifice to obtain a reduction of the assessment. \*\*\* The majority of the cultivators are not, *boná fide* in possession of their holdings. The land stands in their name, but they are practically tenants-at-will of their Marwari creditor, who pays the assessment and takes a portion of the produce-usually about one-half."

*Collector, Ahmednagar, No 2899 dated 5th October 1875.*

"It is to be feared that not two-fifths of the ryots in most parts of the district are *boná fide* in possession of their holdings, more than three-fifths of them being so deeply in debt to their sowkars that under our present Civil Courts system it is utterly impossible that they should ever get out of their power. It is the object of the sowkar to get his debtors thus hopelessly into his power, and when they are so they are little better than his tenants-at-will. But yet there is what to the ryot makes a difference, for in most cases the ancestral acres still stand in the ryot's name, and he lives by and cultivates them; as it is not as a rule the sowkar's object in the first place to get the land in his own name, since he cannot cultivate himself and often when he has got it, the ryots of

the village by combining not to cultivate for him make it less profitable to him than it was before \*\*\* As to what the exact condition is under which the ryot is allowed thus to continue in name the owner of his land and to cultivate his ancestral holding it is a very simple one. He is allowed to do so just as long as the sowkar can get more out of him than he thinks he could from the land direct without his intervention."

*Collector, Dharwar, No 67, dated 7th January 1875.*

"If full and careful inquiries were instituted in those districts where the condition of the ryot is reported as unfavourable, it would probably be found that a very large proportion of the cultivators have parted with their occupancy rights, and are now cultivating either as sub-tenants paying high rates or upon (to them) the most ruinous system of "koré tenancy," under which the ryot cultivates the land and hands over to his creditor the bulk of the produce."

*Memorandum, Revenue Commissioner, Southern Division No. 2492, dated 17th August 1875.*

"Of the condition of the people generally Mr. Boswell and his assistants give a very melancholy account. They are described as almost universally overwhelmed with debt, unable to cultivate properly in consequence (of which a striking example is given by the fact that Government having at great expense provided the means of irrigation so much required in the parched district for nearly 42,000 acres, the people have as yet been able to irrigate less than 500 acres), and rapidly losing their land which is passing into the hands of the sowkars. If what is stated by Mr. Sinclair—that

the only ryots at all prosperous are those who having received some education are able to combat the sowkars with their own weapons, fraud, chicanery, and even forgery—is correct, it is deplorable to find that moral as well as material degradation has been the result of measures intended to promote the welfare of the people."

*Statement of Subordinate Judges.*

20. I will not give further extracts here, but of the 47 printed foolscap pages of extracts from district reports for the single year 1873-74, the greater part is occupied with similar statements. They will doubtless be sent on to Government with the Commission's report, and I will not refer to them here further than to say that from all parts of the Presidency the tale is in substance the same. But, the collateral testimony of Subordinate Justices who have good opportunities of making themselves acquainted with the nature of the relations between creditor and debtor, may be briefly noted.

*Sub-Judge, Pátas, dated 8th September 1874.*

The ryots within the jurisdiction of this court are involved in debt to an extent beyond all hopes of redemption, and they are completely in the hands of the money-lending classes. The ryots have learnt to view decrees; attachments, and sales with the utmost indifference, and will not move a step to protect themselves from the rapacities of the sowkars; hence the absence of any applications from them for a change in the locality of sales, notwithstanding their knowledge that their properties were sold in court at ruinous prices for them."

*Pátas Sub-Judge's letter, No. 27, dated 31st March, 1875.*

"Occasionally specific agreements are made for a share in the produce. Rs. 50 are lent, in consideration of which the debtor gives one-fourth share in the produce of his land in lieu of interest only. In case of a good harvest, one-fourth share in a year's produce is equal to the principal amount. The assessment is of course paid by the debtor. If the debtor has not the means the creditor pays it, but he charges it on the debtor with interest.

*Sholapur Sub-Judge's letter, No. 9, dated 27th March 1875.*

"Money-lenders generally buy such land, and it is seen that land is fast passing into the hands of sowkars from those of cultivators. The aim of the creditor is generally to possess himself of everything the debtor has; so he never stops till

his debtor has lost everything. Creditors, as a rule, buy the debtor's land. The lands are generally sold at an under value."

*Talegaon Sub-Judge, dated 14th June 1875.*

"The indebtedness of the Kunbi is increasing, and he is sinking deeper and deeper into the mire. A few rupees borrowed from a creditor in an evil hour often serve to deprive him of his immovables and moveables and all, and oblige him to depend on his creditor for his very bread."

*Illustration of indebtedness in Khandesh.*

21. The returns asked for by the Commission showing the ratio of indebtedness to Government revenue in the disturbed tracts have not yet been received. But Mr. Pollen, Second Assistant Collector, Khandesh, has sent us detailed statements for eighteen villages in four talukas of that district, the result of careful personal inquiry, village by village, which give, the following results:-

Taluka.	Number of Villages concerned.	Number of Families.	Amount of Assessment.	Amount of Debt.
(1)	(2)	(3)	(4)	(5)
Suoda	5	459	6959	217367
Chopra	4	559	17411	437628
Nasirabad	5	547	19317	165247
Jamner	4	474	16162	76293
	18	2,039	59,849	896,535

The indebtedness varies from four to thirty-one years, revenue in the above talukas, and averages 14.9. The family average debt ranges from Rs. 160 to Rs. 782, and averages Rs. 444, with an average assessment of Rs. 29, or fifteen years, assessment.

*Illustration of indebtedness in Ahmednagar.*

In ten villages of the Ahmednagar Collectorate (taluka Párner), inquiries made during our recent tour showed these results :-

Total number of khatas 1,013  
Total number of indebted khatadars 355

Total number of indebted khatadars paying between Rs. 5 and 20 revenue 213

Of these, the greater part owed sums from Rs. 100 downwards.

*Progressive increase of Marwari proprietorship.*

22. We have also at present before us the ratio of khatas held by Marwaris in eighteen villages of three talukas, and the amount held successively in the three decades 1854-55, 1864-65, 1874-75. They show, as has been noted, that the Marwaris do not, as a rule, desire to possess themselves of the land, or to record themselves as proprietors, though in some districts they may be found willing to do so. They usually prefer to keep the nominal occupier on, and sweat him. It is only, as I understand, when a Kunbi has resort to a second money-lender, or is from any cause unable to cultivate, or has in his khata exceptionally good lands, that the Marwari steps in and causes a transfer of the proprietary title to his own name:-

Taluka.	Village.	Total No. of Khatas.	Revenue of Revised Survey.	Area.	No. of Khatas held by Marwaris.		Assessment.	Area in Acres.
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Indápur	Indápur	386	RS. 7372	Acres 19443	1854-55	5	RS. 133	426
					1864-65	22	211	702
					1874-75	36	912	2189
	Bhowri	336	10780	18503	1854-55	15	221	453
					1864-65	10	-	-
					1874-75	18	888	1438
	Nimgaon Khedki	186	2657	8252	1854-55	3	22	71
					1864-65	2	15-12	43
					1874-75	1	11	17
	Kullus	177	3767	12396	1854-55	1	12	49
					1864-65	2	24	82
					1874-75	3	80	294
	Lasurné	127	3836	8643	1854-55	-	-	-
					1864-65	-	-	-
					1874-75	-	330	548
	Palasdeo	178	4001	7417	1854-55	5	15	19
					1864-65	5	48	87
					1874-75	11	267	467
* Purandhar	Kusba Walhe	285	4906	11558	1854-55	27	-	1038
					1864-65	29	794	1040
					1874-75	31	933	1143
	Khalod	183	3025	3114	1854-55	12	80	114
					1864-65	8	68	82
					1874-75	6	73	82
	Deweh	306	3695	8474	1854-55	13	105	106
					1864-65	17	177	172
					1874-75	19	209	214
	Veer	162	3027	7184	1854-55	6	20	43
					1864-65	10	228	207
					1874-75	10	245	240
	Kasba Sasur	384	4645	5692	1854-55	40	442	381
					1864-65	42	646	606
					1874-75	44	673	555
Haveli	Belsar	201	2651	4170	1854-55	18	187	244
					1864-65	19	260	274
					1874-75	19	240	236
	Wagholi	147	6376	8319	1854-55	-	-	-
					1864-65	2	84	111
					1874-75	4	104	87
	Lonikund	81	1351	4211	1854-55	-	-	-
					1864-65	1	6	4
					1874-75	9	145	311
	Lohogaon	132	4435	9106	1854-55	5	248	578
					1864-65	5	161	351
					1874-75	5	280	704
	Loni Kalbhor	209	8157	10359	1854-55	3	66	81
					1864-65	4	68	81
					1874-75	10	450	490
	Nandosi	61	1148	2736	1854-55	3	102	156
					1864-65	10	215	309
					1874-75	17	503	573
	Hadapsar	204	6438	5066	1854-55	19	278	270
					1864-65	23	406	430
					1874-75	23	791	467

\* Note: The villages after this have not yet come under revision.

*Further information needed.*

23. To make these figures of more value as an illustration of the ratio of embarrassment to actual transfers, we should have a statement showing, so far as we can obtain the information, the indebtedness of each of the above villages, with the number of suits, and the decrees taken out against it in the last ten years, but this we have not as yet received.

*Above extracts support the sketch of the Kunbis' position given in para. 18.*

24. Enough, however, has, I think, been said to show that the sketch of the condition of the agriculturists given in a previous paragraph rests on the statements of the local officers, and is borne out by such figures as we have at the moment before us. The statements of the rioters and the villagers, taken before the Commission, give further and similar illustration of the extent of individual indebtedness, and the use which is made by the Marwari of the power which he exercises.

*Grouping of the above causes under their respective heads.*

25. I propose next to group under their appropriate heads the several distinct causes enumerated at the beginning of this paper. They fall into three classes, - economic, fiscal, and Judicial. Placing them under these three classes, I will illustrate at some length the working of the following causes which I merely enumerated in the early part of my note, viz., the increasing pressure of numbers on a decreasing available area in its relation to assessment of the land revenue, and the mode in which the present law and procedure are obnoxious to the agricultural debtor.

*Further remarks on pressure of population.*

26. The *economic causes*, then, which are now operating against the agriculturists in the Poona and Ahmednagar Collectorates, are their ignorance, their increasing pressure on a decreasing available area, the poverty of their soil, their inherited debt and the rapid fall in prices, with its consequence of contracted credit. The second only requires further illustration, the others having been already dwelt upon.

*Difficulties from increasing numbers of population.*

27. The rural population in Bombay is comparatively small; and at first sight it will seem that any danger from this source is remote. It is not instant, but I think that the picture of growing prosperity sketched recently by the survey officers at revision is not so hopeful as to them it seems. The (to me) inaccuracy of the sketch is the more important, because on it, among other points, are based the proposals for large enhancements of revenue which we have seen. I think that the increase of numbers on a constant area is, of all, the most vital source of danger to a population almost wholly agricultural, and that in proportion as it is lost sight of, will be the risk of artificially hastening the approach of serious difficulties by the action of the Survey Department. I will explain my meaning.

*Proportionate increase of population ploughs, &c.*

28. I give below the proportion of increase in thirty years in the population, plough-cattle, ploughs, and houses in the several talukas of which the printed survey revision reports are before us:-

Taluka.	Plough Cattle.	Inhabitants.	Ploughs.	Houses.	Remarks.
(1)	(2)	(3)	(4)	(5)	(6)
Haveli	42.8	12	19.8	7.2	
Pábal	11.39	2.7	12.4	4	
Súpa	43.5	10.4	31.2	13	
Bhimthari	39.5	19	22.5	37	
Indápur	31	18	25	37	Colonel Waddington throws doubt on the accuracy of the Sholapur return.
Sholapur	26.8	25.8	111	-	
Bársi	51	18	60	35	
Karmala	23	5	37	8	

*Disproportion of plough-cattle and houses to population.*

29. The survey point with perfect justice to the increase under the above heads, and under the head of cultivation, in proof of the lightness of the last assessment, and the increased production of wealth; they do not, however, draw the same attention to the relative increase, which appears quite as important. To me it seems very significant, that the growth of population is out of all proportion to the growth of plough-cattle, or of houses. While with increasing population there has necessarily been an increase in plough-cattle, and the total number has grown, it seems that the *individual* property in stock or houses has decreased. The Indápur figures have not escaped the attention of Colonel Francis, who observes that-

"Considering the large expansion of cultivation during the above-mentioned period, the increase is less than might have been expected;"

and suggests that the season in which the census was made was, owing to drought, unfavourable to cattle, a good many having been sent for grazing elsewhere. The argument which, if Indápur alone were concerned, might be accepted, loses force when we find that all the talukas, with one exception, show similar results.

The same fact recurs in the Sholapur Collectorate, where it attracted more attention. Colonel Francis writes:-

"Insufficient working cattle are another cause to which I should ascribe the bad state of cultivation to be due in some measure. Many of the small holders of land-cultivators paying less than Rs. 10- has not the requisite number of cattle for working their land." - Para. 18, No. 250, dated 14th March 1871.

Colonel Francis does not add what proportion these small holders bear to the whole. In the ten villages of Párner, recently quoted, they form a third of the whole. Government have also noticed the fact in the orders of 19th October last, on the revision of the Bársi taluka, where they say:-

"It is to be remarked that, if these returns are correct, agricultural cattle have increased in a much smaller ratio than either cultivation or population, and that the number of ploughs is still very small, averaging less than one to two holdings. The disproportionately small increase of plough cattle may, in a great measure, be attributed to the small area left of late years for grazing."

*Pressure of population proportionate to quality of soil.*

30. I know that to many, the idea of overcrowding in the Poona and Ahmednagar Collectrates, with their unoccupied areas and their scanty population, will seem absurd. Colonel Francis points out that in Indápur the population is only 101 to the square mile, but adds:-

"There is certainly rather an unusually large population of unculturable land in Indápur; but

deducting this, and making our estimate on the cultivable area alone, the average number of inhabitants is only in the ratio of 119 to the mile. This shows a marked contrast to some of the Guzerat districts, where, according to returns given in one of the recent settlement reports, there are 522 souls to the same given area." - Page 54, No. CVIL *New Series, Bombay Selections*.

This, again, is true: but if, as I am informed, a single acre of cultivation in these Guzerat districts is equivalent to five such acres in Poona or Ahmednagar, the figures assume a very different aspect.

31. But to get a complete view of the position we must compare with this largely increased population the available waste area. It is obvious that if we find but little or no waste area, the rapid increase of population assumes still more significance.

*Decrease of available waste during settlement.*

The available assessed waste at the three decennial periods of settlement in the *Indápur Taluka* was as follows (pp. 37-38 No. CVII., *Bombay Selections*):-

1. End of first decennial period	24550	acres assessed waste
2. End of second decennial period	1300	acres assessed waste
3. End of third decennial period	930	acres assessed waste
In the Haveli Taluka (p. 21, No. CXLV) -		
1. End of first period	10,000	acres waste
2. End of second period	1,922	acres waste
3. End of third period	634	acres waste
In the Pábal Taluka (pp. 119-120) -		
1. End of first period	18,858	acres waste
2. End of second period	18,349	acres waste
3. End of third period	3,254	acres waste
In the Súpa Taluka (p. 195) -		
1. First decade	26,302	acres waste
2. Second decade	10,003	acres waste
3. Third decade	1,843	acres waste
In the Bhimthari Taluka (pp. 249-250) -		
1. First decade	43,000	acres waste
2. Second decade	2,000	acres waste
3. Third decade	None	acres waste
In the Sholapur Taluka (para 31, Colonel Waddington's Report No. 03, dated 15th January 1872.		
1. First decade	28,000	acres assessed waste
2. Second decade	35,800	acres assessed waste
3. Third decade	None	acres assessed waste
In the Bársi Taluka (paras 26-28, colonel Waddington's Report, No. 564A., dated 14 August 1872) -		
1. First decade	35490	acres assessed waste
2. Second decade	15,164	acres assessed waste
3. Third decade	None	acres assessed waste
In the Karwale Taluka (Colonel Waddington's Report, No. 921, dated 3rd October, 1873) -		
1. First decade	61,000	acres assessed waste
2. Second decade	758	acres assessed waste
3. Third decade	464	acres assessed waste

While, then, the increase of population has ranged from 11 to 51 per cent in the talukas specified, the absorption of waste has everywhere kept pace with the increase of population, until, speaking generally, the whole available area has been occupied. For further increase of population there is no further margin of waste.

*Similar result of figures for the Southern Division.*

32. Colonel Anderson has been good enough to favour the Commission with returns of cultivation for the collectorates of the Southern Division, which I need not quote here, for this Memorandum is already running to an undue length. But the result is the same, *viz.*, a rapidly decreasing margin of avail assessed waste.

33. Under the head of *Revenue*, which comes next, I have already given illustrations of the immense increase of assessment, and the significance of the illustrations will be more fully seen when viewed in conjunction with the figures, given above of rising population and decreasing waste. It is evident that, in these circumstances, to make a large enhancement of revenue is equivalent to making a large deduction from the available area. In proportion as the increase in numbers threatens to burden the soil sudden enhancement of the Government assessment - or, in other words, withdrawal of a large share of capital from the population - is equivalent to a hastening of overcrowding. The enhancement is no cause of the pressure, but it is a very important factor in estimating at any given time its rate of progress.

*Enhancement of assessment equivalent to increase of population.*

To take the single illustration of Bhimthari. - (*No. CLXV, New Series, Bombay Selections.*)

Population has increased 40 per cent. Available assessed waste has fallen from 43,000 acre to none.

The assessment has increased from Rs. 86,464 to Rs. 145,596, so that Rs. 60,139 annually have been suddenly withdrawn from the support of a population of 32,555, which has reached the limits of the soil and which increases at the rate of 1.3 per annum. In other words, in the year before resettlement 32,555 were supported on a fund of Rs. 7,93,112 (assuming the new assessment to be one-sixth of the assets\* and deducting the former assessment), or an average of Rs. 24 per head. In the year following revision the sum was reduced to Rs. 7,32,920, and the individual amount to Rs. 22 per head, *which is equivalent to an increase of 10 per cent in the population*. At the present rate of increase, in another 30 years we shall have, in round numbers, 45,800 souls on the soil, and there being no available waste, the individual sum at present prices will, *cæteris paribus*, be Rs. 116 per head. Land which was temporarily taken into cultivation during high prices will be abandoned and will further restrict the area. Of course I am perfectly aware that grain may be imported, or that the pressure of population may raise pliers, or that cultivation may be improved, or that non-agricultural employment may be found, or that the surplus population may emigrate. Of this I shall have to speak when I come to the last part of this Memorandum, *viz.*, the extent to which the causes stimulating distress may be controlled by the Government. All that I

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\* I take this proportion on the authority of para 11, Government Resolution No. 4,515, dated 11th August 1875, on the revision of the Mádha Taluka, Sholapur Collectorate.



am at present concerned to show is the action of the survey revision assessments on the population: in other words, the fiscal element of embarrassment.

*Action of the courts.*

34. There remains the *Judicial element*. No complaints have been louder than those against the courts - "*Courta chi upadrao*," or "the court pest," as the people call it. I am persuaded that much of the odium attached to the courts is simply because to the courts is entrusted the duty of enforcing consequences. But it does not at all follow that because they may be traced in great measure to an unreasonable cause, there is nothing in the complaints that is reasonable. Nor, because all is not wrong, is it by any means proved (as a judge recently occupying a seat on the bench of the Bombay High Court has advised the Commission) that all is right. Between the "*courta chi upadrao*" of Bápu, and the assurance of Baron Larpent that "suits are now decided "as quickly and as satisfactorily as they can be," there lies a wide and debateable ground.

*Judicial opinion on the point.*

35. Mr Lyon is infinitely better able than I am to lay his fingers on the weak points of judicial action, (and by this I must be understood to mean not only the working of the courts, but the working of the law and procedure which the courts are bound to administer). All that I can do is to single out the points which in the opinions furnished by the judicial officers to the Commission are most insisted on, and to note them down of presumably the causes which, from the judicial side, make most against the agricultural debtor. I will enumerate them in order, and then support them in extracts from the opinions before us. I abstain purposely from quoting the opinions of revenue officers here, because I think that far more weight

is due to the opinions of judicial officers on points coming under their daily observation in the course of their duties, than to the *ab extra* views of officers in the Revenue Department.

*Points chiefly insisted on.*

36. The following seem to be the points most insisted on:-

That owing to the great number of undefended suits, and the Kunbi's ignorance, the courts are in great measure powerless to prevent the enforcement of fraudulent or usurious contracts;

That decrees are obtained not for *bona fide* execution, but as instruments of compulsion for the extortion of fresh bonds;

That warrants of arrest are similarly used;

That there is no limit to the period within which decrees are operative;

That the whole of a judgment-debtor's property, without reserve, is liable to be sold in execution of decree;

That land sold by decree of court is usually sold for much less than its value;

That the period of three years' limitation for suits for money debts now secured by the hypothecation of land compels the debtor to renew at compound interest or to be taken into court every third year;

That there is no law of insolvency.

*Powerlessness of the courts.*

37. To take the first, - *That owing to the great number of undefended suits, and the Kunbi's ignorance, the courts are in great measure powerless to prevent the enforcement of fraudulent or usurious contracts.*

*Sub-judge, Talegaon, No 22, dated 14th June 1875.*

"The civil courts often become the direct cause of the Kunbi's misery. They have no means of ascertaining the actual extent and nature of the transaction which gave rise to the litigation, and are obliged to decide upon what is laid before them in the shape of evidence. The creditor is generally an intelligent man. He does not find it difficult to secure legal advice, and the witnesses, too, are generally under his thumb. \* \* \*

*Courts powerless against fraud*

None will allow the inspection of an account which has the taint of suspicion, unless forced to do so, during the progress of a suit. Even then many escape scot-free, I think, by simply deposing that they have no books, and the civil courts are powerless, for they cannot order the books to be seized so as to convict the deponents of their perjury."

*Pátas Sub-Judge, No 27, dated 31st March 1878.*

"Many of the money-lenders, while admitting that they have a trade of Rs. 12,000, or so, deny that they ever keep books, and never produce them in court. \* \* \* Besides, they (the debtors) can procure no legal assistance, for the pleaders are dependent on the money-lenders for their business, and if a pleader takes up a case for the cultivator, not only is he not able to pay his fees, but the pleader would lose almost all his business from the money-lender. \* \* \* I have often observed a valid defence set up by a debtor in a suit frequently withdrawn, and a judgment passed with his consent. The only explanation he would give is that it is useless fighting against his sowkar; that he would be the sufferer even if he succeeded in that solitary case."

*Sub-Judge, Balsar, dated 28th September 1875.*

"I do not believe that the high proportion of cases decided *ex-parte* can be said to be due, even in a five-hundredth part, to the alleged unfair means practiced to keep defendants in ignorance of suits filed against them. The defendants in these cases do not come to make any defence because they have none to make, or if they have any, they have no evidence to prove it. Ten or 12 in a 100 have any means to know the exact amount of their debts. A great number of these cases are brought on bonds or *sumadustkhats* passed by defendants in which plaintiffs have to prove the 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."

*Judge Ahmednagar No. 987, dated 29th September 1875.*

"When a defendant admits having executed a bond, but pleads that he has not received any consideration for executing it, or has received only part of the consideration stated in it, the burden of proving his plea lies on him, and his task is by no means easy. With regard to the plea that the amount of the bond was mostly compound interest at an exorbitant rate, such a plea is, as a matter of fact, scarcely ever successful. The money-lender is sure to have accounts and bonds in support of his case; and there is sure to be plenty of evidence forthcoming that the accounts were fairly cast up, and that the defendant deliberately signed the bond. \* \* \* The subordinate judges in this district are much over worked, and really have not time to investigate cases properly and to weigh the evidence."

*Judge Satara, No. 1313 dated 6th October 1875.*

"I believe our subordinate judges are too hard-worked 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, and if they were inclined they could do next to nothing. The Kunbi cannot read or write; he has no books of account. The court which was inclined to go into the old history of a case would have nothing but the sowkar's books to go upon, if he produced them; and he might choose, as often happens, to deny that he had any."

*Small Cause Court Judge, Ahmednagar, No. 155, dated 29th September 1875.*

Charging usurious rates of interest is the least of the charges that are constantly brought against them (the sowkars). As a rule, the Kunbi defendants do not raise any objection to high and heavy interest; 75 per cent is not an uncommon rate, but if this were all the Kunbis would make no complaint. *Damdoopat*, or double the amount of principal, is seldom objected to; but what they complain of, and what exasperates them, is the systematic cheating and roguery to which they are constantly subjected, and against which their utter ignorance renders them powerless, or their apathy and indifference prevents them from taking instant measures for protecting themselves from the effects of the same. The ordinary charges against the sowkars are tampering of documents, suborning witnesses, garbling accounts, obtaining bonds, and refusing consideration; taking payments and denying them in court; never giving receipts; dunning people into compromises (often grossly one-sided) of their debt, and then refusing delivery of their bonds; to file suits on them, carrying away whole crops, bullocks, stores of grain, &c., and their flatly denying all knowledge of them. These frauds are practiced with impunity in nine cases out of ten. The deluded Kunbi is lulled into a false security by all sorts of faithless promises, until a couple of years afterwards, being dragged to court, he is unable to answer the claim; or if he states a defence he is not in a position to prove it."

*Sub-Judge, Ahemednagar, No. 11, dated 4th October 1875.*

"If no new bonds are executed the ryots are brought to the court of justice. There the sowkar has everything in his favour, while there is nothing in that of the ryot's. He easily obtains a decree against them."

To the above may be added the following statement, showing the percentage of civil suits decided *ex parte* (given at page 97 of Mr. Lyon's digest):-

	Proportions of Suits decided <i>ex parte</i> .	Proportion of Suits relating to Money or Bonds to whole No. of Suits.
(1)	(2)	(3)
Ahmednagar	73.0	96.3
Poona	67.5	93.4
Sholapur	70.78	97.4
Satara	73.4	95.6

Mr. Lyon tells me that the proportion of *ex parte* decisions is quite as large in England. Considering the judge's statement as to the character of many of these claims, we should expect the defended cases to be more numerous in India. In other words, the greater the proportion of fraud, the larger one would have expected to find the ratio of defence; that it is not so seems to show that defence is hopeless. But I do not think that the coincidence or otherwise of English figures in very profitable in the present case.

*Decrees used as instruments of extortion.*

38. The next complaint is that *decrees are obtained not for bona-fide execution, but as instruments of compulsion for the extortion of fresh bonds.*

*Sub-Judge, Tasgaon, dated 14th August 1875.*

"After the decree is obtained the debtor has no alternative but either to pay the decree or to pass a bond for the amount, including costs of court. Money, as a matter of course, he has not, and therefore he is obliged to pass a new bond for it."

"On the 3rd of Chaitra of Shake 1788, Pandu bin Paraji (Patel) executed a bond for Rs. 100 to Shankerao Apaji (Gudbolé), the interest stipulated for in it being Rs. 21 per cent per annum. When this bond was about to be time-barred, the creditor sued Pandu on it to recover Rs. 176 as follows:-

Principal	Rs. 100 0 0
Interest	Rs. 96 0 0
Total	Rs. 196 0 0
Payment	Rs. 200 0
Balance	Rs. 176 0 0

and obtained a decree. In this suit the court expenses amounted to more than Rs. 24. The debtor had no money to pay in satisfaction of the decree; he therefore executed a second bond to the creditor for Rs. 200 on the 9th of Magh Wud Sake 1791. When the second bond was about to be time-banned a suit was instituted on it on the 16th April 1873 to recover Rs. 200 and interest Rs. 200 and a decree was obtained for Rs. 400 and costs, which is not yet executed. Court expenses in this suit amounted to Rs. 45 14 9.

"The following will show at a glance the history of the above debt:-

The principal sum borrowed	Rs.	100	0	0
Total of the interest on sum borrowed	Rs.	272	0	0
Total of court expenses	Rs.	69	14	0
Interest on the court expenses	Rs.	24	0	0
Total	Rs.	465	14	0
Payment	Rs.	20	0	0
Balance	Rs.	445	14	0

*Pátas Sub-Judge's letter, No. 27 dated 31st March 1875.*

"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 executions they have, in many instances, realized the full amount of decree by obtaining new bonds or grain. The writs are returned unexecuted with endorsements 'property or person not found'. \* \* \* Sometimes the property is attached and proclamation issued for sale. The decree-holder then applies to the court to drop the proceedings, alleging that the matter is to be compromised, but, 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 where there is anything worth mortgaging."

*Sub-Judge, Talegaon, No. 22, dated 14th June 1875.*

"In the execution of decrees the civil courts have no means of lessening the vexation and bother which the creditor intends to give his debtor so as to extract money from him. In the year 1869 a man obtained a decree (No. 738 of 1869 of this court) for Rs. 80 and costs, to be satisfied out of the proceeds of the sale of mortgaged property and from the defendant. The amount of costs was Rs. 17 13 5, so the amount of the decree was Rs. 97 18 5. *This decree was executed nine times.* The cost of execution was Rs. 67 20, and the sum recovered under execution was Rs. 31 4 6. Thus, after nine executions, the amount still recoverable under the decree is Rs. 133 10 11. Another plaintiff obtained a decree in the year 1868 (No. 363 of 1868 of this court) for Rs. 60 and Rs. 14-3-9. *He executed it nine times.* The cost of execution was Rs. 24-8-1, and the sum recovered after decree out of court was Rs. 15,

the receipt of which was acknowledged. The amount now recoverable under the decree after nine executions is, therefore, Rs. 83 11 10."

*Sub-Judge, Nasik, No. 50, dated 8th June 1875.*

"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 \* \* \* Sometimes the applications for the enforcement of decrees are made, simply to keep them in force."

*Warrants of arrest similarly used.*

39. The above extracts cover in great measure the third point, that warrants of arrest are similarly used. To them may be added the following figures showing the number of persons arrested and the number actually committed to jail in execution of decrees during the year 1872 (p. 124, *Mr. Lyon's Digest*):-

	No. Arrested.	No. Imprisoned.
Ahmednagar	327	80
Poona	428	427
Sholapur	359	106
Satara	461	226

*Illustration given by Sub-Judge, Pátas.*

40. The Sub-Judge, Pátas, furnishes the following illustration (suit No, 1705 of 1872):-

A obtained a decree against B in 1863 for Rs. 40-3-4 on a bond stipulating to give  $14\frac{1}{2}$  maunds jowari in consideration of B having received  $7\frac{1}{4}$  maunds jowari. Date of decree, 9th April 1863.

First application for execution, 25th November 1865.

Application for warrant of arrest, 4th January 1866.

This was returned unexecuted in March, endorsed "defendant not found."

"On 10th February 1866 in the interval of issue and return of the warrant, the defendant passed a bond for Rs. 100 for old account due."

This bond was obtained under the pressure of the warrant and in lieu of the amount due under it. In 1871 A. again applied for execution "in respect of the original decree, which, on the face of it, appeared unsatisfied, although we have seen that the first bond for Rs. 100 was extorted in execution of that decree. Execution issued, attachment and notice of sale. B. paid A. Rs. 46 and the sale was stopped." The Sub-judge adds:-

"This is by no means an anomalous case. On the contrary, I consider that it fully represents a large number of cases."

*Illustration from statement of ryots.*

41. From among the replies given to the Commission the following will further illustrate the point:-

*Tutya Saloo (Súpa). Q.-* "Why did you go on foolishly signing these bonds?"

A.- "We could not help it. We could not pay up, and would have been put in jail if we had not paid." - (Page 3, *Lyon's Digest*),

Ramji Kesoji (Nimbgaon). - "Every second year an account is made up by the banya, and we are called upon to pass new bonds. We quietly pass fresh bonds for fear of going to jail, and eventually losing all prospects of keeping our property from these banyas." - (Page 19, *ibid*).

*Dhondi bin Topalla (Kathale).* - "Last year I gave him the produce of my field (worth Rs. 40) and passed a new bond for Rs. 80. I did so to prevent him from going to court and then taking me to jail." - (Page 28, *ibid*).

*Patta Kushaba; (Dhalewadi).* - "I have up to date paid him at different times Rs. 100, and passed new bonds every third year, for fear of taking the matter to court and then being put into

jail. - (Page 40, *ibid*).

*Babaji bin Nana* (Dhalewadi). - "He then made up his account and in all I owed him Rs. 100. I remonstrated with him, but finding that he would not come round, I passed him a bond for Rs. 100. I thought that if I refused to pass the bond he would drag me to court and put me in the jail." - (Page 42, *ibid*).

"That after your petitioner left Major Wallace, the said Mulchund Leela Khan came to your petitioner and threatened that he would enforce his claim for the sum of Rs. 32,400, \* \* \* saying that neither Major Wallace nor your honour had any power to prevent their going into court and obtaining decrees for immediate execution against your petitioner's person and property. \* \* \* It was thus that he so easily found the means of prevailing upon your petitioner, in his old age, to

obtain from him almost unconscionable and highly iniquitous agreement, &c." - (Page 129-30, *ibid*, *Petition of Mr. Muhammad Khan of Talpur to Commissioner of Sind*).

*No finality to decree.*

42. The next point is *that there is no limit to the period within which decrees are operative.*

The following table, showing the number and value of decrees of more than seven years standing now in force (*i.e.*, executed within three years) in the Subordinate Judge's Court of Poona will bring out this point sufficiently for the present purpose, showing that 13 per cent of the decrees have been kept hanging for 13 or 14 years over the judgment-debtors in *terrorem*:-

Year.	Number of decrees.	Value.	Amount realised.	Balance.
(1)	(2)	(3)	(4)	(5)
		RS.	RS.	RS.
1861	24	1,861	107	-
1862	52	4,567	218	166
1863	38	4,716	171	135
1864	18	2,871	68	507
1865	68	5,169	215	466
1866	80	7,563	264	846
1867	78	8,713	281	1,877
1868	211	25,128	741	3,917
	569	60,588	2,065	7,914

*Judgment debtor's property liable to sale without reserve.*

43. *That the whole of the judgment-debtor's property, without reservation of implements necessary to his calling, is liable to be sold in execution of decree.* This is the procedure under the present law and needs no demonstration. It is enough to note it here as the fifth of the causes to which the debtor's absolute ruin is generally attributed.

*Sub-Judge Pátas No. 27, dated 31st March 1875.*

44. *That land sold by decrees of court is usually sold for much less than its value.*

"When immovable property is put up to sale, the creditor as a rule buys it himself. It is 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 to him*."

*Talegaon Sub-judge No. 22, dated 14th June 1875.*

"That there is often some trickery in conducting the sales is a sadly notorious fact. But as

we have neither the means nor the opportunity of detecting the black sheep though we have the will to do so, such trickery often passes undetected. The Sub-judges cannot be present at the sales, they have their other work. The Názirs too cannot be present at every sale, especially at the sales conducted at a distance from the village where the court is located."

*Inadequate prices obtained at public sales Sholapur Sub-Judge No. 9, dated 27th March 1875.*

"Creditors as a rule buy their debtors' land, The lands are generally sold at an under-value."

"The majority of sales in court were made either by the attaching creditors or their nominees, and the general impression is that these purchases were effected at between 25 and 50 per cent of the price which would have been realised if sales were held on the spot where the properties are situate".

*Pátas Sub-Judge, No. 233, dated 8th September 1874.*

45. *That the period of three years' limitation for suits or money debts not secured by hypothecation of land compels the debtor to renew at compound interest, or to be taken into court every third year.*

Tatya Saloo (Supa.) - "About two or two and a half years ago the banker said his bond was becoming time-expired, and he threatened to sue us; on that one bond was passed for Rs 50 on mortgage of one of our houses, and another was passed, I believe, for Rs. 100 on the other." - (Page 1, Lyon's Digest).

*Working of three years' limitation rules.*

*Krishna bin Sahti, Kunbi.* - "I owe Gunoo Kale Rs. 50. About three years ago I borrowed from him Rs. 25. About six months ago Gunoo told me

that if his money was not paid at once he would bring an action in the court. I therefore passed him a new bond for Rs. 50, bearing interest at one and one-fourth pice per rupee per month." - *Ibid*, p. 12

"About four years ago I obtained from Sukdeo, Brahmin, Rs. 6 worth of *karbi*. I gave him afterwards Rs. 2 worth of grain. After about three years Sukdeo struck a balance of Rs. 25 against me. I had agreed to pay him interest at half an anna per rupee. About seven months ago he threatened to bring a suit in the court, I therefore passed him a new bond for Rs. 25, bearing interest at half an anna per rupee per mensem." - (*Ibid*.)

*Ramji Kessoji (Sirur.)* - "Every second year an account is made up by the banya, and we are called upon to pass new bonds." (*Ibid*. p. 19.)

*Nana bin Pabaji Chauhan (Limbgaon.)* - "About twelve years ago I borrowed on bond, Rs. 40 from Bhikoo Nemohand, Marwari, of Limbgaon, at two pice per rupee per mensem, and purchased bullocks. In the first and second years I gave him in liquidation 10 maunds of bajri and 10 maunds of jowari, and in the third year passed him a bond for Rs. 175 on mortgaging one of my survey numbers." - (*Ibid*, p. 32).

*Kesu bin Themba (Pimpalgaon)* - "I cultivate Vinayak Rao Gole's field and give him one-third of the produce, and the Government assessment is also paid in the same proportion. About four years ago a dyke was constructed in Vinayak Rao's field, so he charged me with Rs. 7 as my portion of the cost. He purchased a 3-rupee stamp paper to write out the lease of the field in my cultivation, and I had taken from him Rs. 2 worth of grain; so in all I owed him Rs. 12, for which I passed a bond at two pice per rupee. In this I mortgaged a bullock to him. Last year the bullock was sold by me for Rs. 35. I paid this amount to

my sowkar Vinayak Rao, and he then struck a balance of Rs. 8, for which I passed him a bond at half an anna per rupee" - (*Ibid*, p. 33).

*Patta bin Andoji, Kunbi*. - "I owe only Rs. 5 to Sukdeo. I did not obtain this money in cash. About four years ago I got a loan of 50 bundles of karbi from Sukdeo. I had given him one rupee, but last year he pressed me for a bond of Rs. 5 on account of the transaction, which I have passed to him because I did not want to displease him." - (*Ibid*, p. 34.)

*Tásgaon Sub-Judge's report dated 14th August 1875.*

"The law of limitation here comes into play, which compels the creditor to call upon his debtor either to pay the amount or to pass a new bond for the principal and the accumulated interest. The poor debtor is obliged to pass, though reluctantly, a new bond lest the creditor should sue him and put him to greater expenses. Here the seed of discontent and discord is sown."

In an illustration given by the Pátas Sub-judge, Shidu bin Piraji in 1789, Shake executed a bond for Rs. 12 8 0. In 1792 he is called on to execute another, which stands:-

Principal	Rs. 12 0 0
Interest	Rs. 12 8 0
Total	Rs. 25 0 0
Payment	Rs. 5 0 0
Balance	Rs. 20 0 0

And for this balance of Rs. 20 a second bond is executed. In 1795 a third bond is executed, thus:-

Principal	Rs. 20 0 0
Interest	Rs. 13 0 0
Total	Rs. 33 0 0
Payment	Rs. 15 0 0
Balance	Rs. 18 0 0

Other similar instances are given in the Sholapur and Mareh sub judge's letter, and Mr. Shambu Pershad is compiling from accounts tables illustrating the regularity with which, subsequent to the introduction of the present law in 1859, bonds at compound interest have been renewed:-

*Memo by Sub-Judge, Ahmedabad, dated 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 other 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 (see RAMJI KESSOJI, supra)* \*\*\* 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 sugarcane, or making a garden, and it will require six or seven years to pay the debt.

*Judge of Thana, No. 1639, dated 17th May 1875.*

"In bonds founded on old bonds, which have nearly run the period of limitation, it is impossible to estimate what small proportion of the consideration was an 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 obligors. 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."



46. Finally, there is a general complaint that *there is no law of insolvency for mofussil debtors*. Here again, I need not quote from the papers before me, for of the fact there is no doubt; and from the extracts already given, the position of debtors in the absence of any such law has been amply shown.

*Distinction between the problem in Upper and Western India.*

47. This finishes the enumeration of the principal causes which combine from different sides to weigh down the ryot, and completes the view of his present position which I have sketched in a previous paragraph. It serves, too, to bring out the salient differences between the nature of the problem in the Bombay Presidency and in Upper India. The main distinction is, I think, this, that Whereas in Upper India the indebtedness of the landed proprietors is a purely political consideration, in the Deccan it is not a political difficulty only, or perhaps even mainly, but an economic. Nobody supposes that the landlords as class in Upper India are likely to press on the land, or that their number induce them in any appreciable degree to fall into debt. The increasing ratio of population and the decreasing margin of cultivable waste is, not an element which in the North-West enters into the consideration of the matter, for landlords are, village communities included, comparatively few. The actual cultivating classes may be and are indebted, and so far as they are concerned the economic difficulty is as prominent as in Bombay. But, whatever the political danger in Upper India of driving the present race of proprietors from the soil, we have to remember, in assessing our land revenue, that with increasing numbers and with decreasing available land the smallness of their holdings must add to their difficulties and that a large increase of land revenue is equivalent to an increase in population.

The next distinction is that, while in the North-West the money-lender desires to obtain possession of the land, in the Deccan he does not ordinarily do so till he is driven to it. The "sweating" process does not go on with us. A debtor is forced off his land; he is not kept on it as a tenant-at-will. And these two distinctions point to different treatment of the question and make remedies which have been suggested for the one part of India less applicable to the other. For example, it has been frequently proposed to prohibit the sale of land. But in a part of the country where it is found that land is as a last resource only sold for debt the proposal loses force. If the sale of land in execution of a decree were prohibited in the Deccan tomorrow, the Kunbi would be very much where he was before. He would still be ground to the soil, and his surplus produce would still go to his creditor.

Finally, under a direct ryotwari tenure the ryot is a tenant of the Government, standing by himself, unsupported by his fellow villages, and, has a stronger claim on Government aid and support than the coparcenary community or the zemindars of Upper India.

48. Bearing in mind these three "notes" of difference, and putting them in what seems to me their order of importance, we come to the three points in which I think our system acts unduly on the ryot. They are these:- (1) that holding directly from Government as its tenant, and admittedly exposed from his want of education and his possession of the soil to greed and fraud, the ryot in this Presidency receives no protection or aid from the Government in his dealings with any but its own revenue officers; (2) that in assessing him to enhancements of Government revenue, arithmetical results are too rigidly applied, without sufficient regard to their effect on his economic condition; (3) that while his creditor possesses and uses great legal advantages in proceeding

against him, and is able to keep him in bondage in virtue of decrees obtained against him, the ryot has no power of claiming at any period discharge from his obligation, and has not at time of sale the protection allowed by the English Bankruptcy Act or a margin for tools of trade and necessities, or of a minimum below which he is not liable to imprisonment. Nor does his imprisonment act as an acquittance of his obligations. Any one of these three causes, such as the first, will weight the peasant proprietor in his struggle with debt; any two combined, such as the first and third, will ensure his subjection; while the three combined, as they have been in the case of the disturbed tracts, will bring him to ruin. I do not believe that the heavy enhancements have led to the ryot's present condition any more than his ignorance or his ignorance any more than the facilities which our system gives his creditor. But it seems to me, in the face of such considerations as those I have stated, quite unreasonable to urge-as it often is urged-that the revision of survey has nothing to do with the present crisis. It must have profoundly shaken security both by the heavy amount enhanced and by the utter uncertainty (from causes which I shall presently speak of) as to what the limits of the amount would be. If no revision had taken place, the position of both parties would have been as for years it has been. But this new factor of embarrassment coming in addition to the others, and at a time of great depression and re-action, has, in my opinion, broken the relations between the creditor and debtor which at the time of its introduction were strained to the utmost. I have heard it stated that the disturbances were only the catastrophe of discontent which had long been on the increase; but while this does not account for their coming to a head at Poona rather than elsewhere, it leaves out of sight the action of the new element of disturbance at Poona, the force of which should be at least taken into account.

*The ryot's ignorance. Desirability of bringing the sowkar within the village system.*

49. I come now to the form in which relief seems advisable: and to begin with the first of the difficulties enumerated in the last paragraph. It is impossible to read the correspondence on the subject without seeing how potent a cause of a ryot's difficulties is his powerlessness to check accounts. As one of them says in his statement (p. 5 *Lyon's Digest*):- "I had to trust to the Sowkar. I say to him, you are my mother and I am your son; say truly what the amount is." If Bála Saraji's conception of his relation to his sowkar was accurate such confidence would not be misplaced, but it is with the feelings of a stepmother rather than of any closer tie that his creditor probably regards him. I do not know that in any part of the world the profession of money-lending promotes liberal sentiments: but of all money-lenders, appeals to the better nature of a Marwari as a method of casting up accounts must ensure a debtor balance. I was very much struck with the re-occurrence of a similar mode of thought in the depositions recorded before the Commission while in camp. On the one side, inability to exercise the smallest control over details, and the consequent necessity of trusting the creditor; on the other, in most cases, obvious untrustworthiness, showing itself in reluctance to produce accounts, and an utter inability to understand the obligation which rests with the creditor of scrupulously accounting for the proceeds of land made over to him in satisfaction of a debt. Often no accounts are kept, receipts are rarely given, satisfied bonds are not torn up, I am not at all prepared to say that I concur in the entire accuracy of the picture drawn by so many pens of the invariable fraud and insatiable greed of the sowkar; and on the other hand there can be little question that the ryot once involved rarely acts "upon the square." (Embarrassed men are mostly inclined to be rogues all the world over). But the immense opportunities which the present system gives to a body of Hindus whose only business is

money-getting are more than the Hindu money-lender's nature can withstand; and I think that we should attempt to bring him, in his relations to the ryots, within the limits of the village administrative system.

*Proposals of Mr. Fraser Tytler and Mr. Shumbu Pershad.*

50. It will be seen from the old correspondence which we have collected that some thing of this kind was contemplated by Mr. Fraser Tytler, and was not unfavourably viewed by the Government of the day. In the papers recorded last year Mr. Shumbu Pershad, now a member of this Commission, put out a similar proposal, and my inquiries during the last two months have convinced me that without some system of this kind no remedy will be of much use, and have led me to hope that such a system is practicable.

*Education Powerless.*

51. Education has been constantly urged as the proper weapon for the Kunbi in his struggle against debt. But experience has shown that from education at least little or nothing can be hoped. How any man acquainted with the people could for a moment suppose that the schoolmaster would be beforehand with the Marwari I cannot conceive. Long before the agricultural classes are educated they will have been ruined, and whatever comfort education may bring to a ruined man, it will not furnish him with solid cash. For the purpose of this inquiry we must assume not only that the Kunbi is uneducated, but that he will continue so, and must treat him as a man unable to help himself. To shirk the difficulty by commonplaces about education seems to me dishonest indolence. Thirty years have shown that panacea, in this case at any rate, to be a wind-bag, and if it is expedient to assist the agricultural classes, we must admit unreservedly that it must be, for many years to come, by other means than merely educating them. For 30 years Government

has remained entrenched behind the lines of its *laissez aller* policy; and leaving matters to take their course, this is the course they have taken.

*Previous proposals to this effect.*

*Scheme of villages accountants.*

52. Putting aside for the moment the question of existing debt, and assuming that some such proposals as we are about to put before Government—such as are referred to in paragraph 56 --- are sanctioned, what I would wish to see done is in this kind. I would allow each village or group of villages an accountant of its own, holding a position like that of the Bombay kulkurni, or the North-West patwari, but solely entrusted with the duty of keeping the accounts of the ryots between them and their sowkars. I would make his signature to all bonds compulsory, and I would render it obligatory on the sowkar to record all bonds in his books and pass payment before him. He should give receipts to ryots for payments made to him on account (for which at present receipt is rarely allowed) and be responsible for their payment to the sowkar. Any item sued for by the sowkar but not shown in the village accountants' books should be irrecoverable unless the sowkar could prove that the accountant had refused or neglected to make the entry, and I would compel the sowkar to compare and sign the books yearly, entering, where there existed, the detail of discrepancies, and to record the details of all items above Rs. 20 and the aggregate of sums below Rs. 20, supported by index to the entries in his accounts, under penalty of inability to sue on the account. The accounts kept must follow the domicile of the Marwari, but the total annual liabilities of villagers resident elsewhere than the Marwari should be communicated by the accountant of the village concerned to the accountant of the village in which the debtor resides. The accountant should be paid by a cess on the revenue, and should keep a separate

account for each recorded holder or his co-sharers. The expense, of such a cess would be trifling compared to the interest now paid by the ryots.

*Consideration of objections urged to it.*

I would not in any way make the revenue staff responsible for the accounts. The objections I have heard urged to the scheme are that the accountant would combine with the Marwari, and that the business would be too large for him. As to the first he might. But if it was his interest to keep his appointment, his interest would not lead him to collusion. The ryots would soon complain if they were regularly cheated, and the courts before whom he would appear would have ample opportunities of detecting and reporting an accountant whose books were suspicious or the honesty of whose accounts were often challenged. I think it may be assumed that it would be his interest to keep his office, and I do not see how habitual fraud would be consistent with such interest. Even if he cheated habitually and with impunity the ryot would be no worse off than he now is, with the exception of his fractional contribution to the cess from which the accountant's pay was provided. If the accountant, on the other hand, was only moderately honest, the ryot could have the protection of an independent set of accounts and a recognised accountant of his own, which would be simply invaluable to him, and which I think he would soon learn to appreciate.

As to the work being too much for a man who had no other duty, I can offer no grounds for my opinion that I do not think it would be. In large villages an assistant might be given, but if a minimum of Rs. 20 or so were fixed below which details need not be entered, as above suggested, I think the work would not be too much for one man.

I need not point out what an enormous aid to the courts such a system of accounts would be, how it would check the sowkar in fraud or exactions, or its value in keeping Government informed of the state of the ryot's affairs at any moment.

I have said that I would not hold the revenue officials responsible for the accounts. I would not make it imperative on them *suo motu* to inquire into or settle any objections urged by the sowkar at the annual settlement of accounts. I would allow either side to sue in the courts for settlement of account if they could not come to an understanding, leaving it optional with them to refer the matter to the revenue courts, whose decision should in such case be final. But I would give the revenue officers power to inspect the village accounts at any time and to compare the entries with the ryot's receipts or verbal statements. There would be no power to alter the account, but the opportunity of ascertaining and testing the accountant's character in the village would be useful. The collector should have full power to dismiss an accountant at any time.

*Expediency of utilizing the sowkar.*

53. The second point which I have to note in regard to this part of the subject is that while thus bringing the village sowkar into the scheme of our village administration, we might, I think, utilize him and give him a sense of common interest with Government which would be very beneficial to both. I have been very much struck by the fact that the items of a ryot's debts by no means bear out the charge of extravagance which are usually leveled at him. Ancestral debt is usually the heaviest item, and smaller items unquestionably occur for religious or social ceremonies, but the mass of the items are for his agricultural needs. He wants most of his money to pay him revenue, or to dig a well, or for grain seed or bullocks. For reasons which I need not now dwell on I believe Government land banks to be impracticable, but

I think that any ryot requiring an advance for any *bonâ fide* agricultural purpose should, on an order from the mamlatdar, be able to receive the necessary means from the sowkar, Government standing security and reserving a lien on his crop. The sowkar, on the credit of the Government security, would probably make this advance at a fair rate of interest, and the ryot's obligations would proportionately be lightened. I think that in utilising the existing machinery, and treating the sowkar with reasonable confidence and as a necessary and useful part of the revenue system, rather than by competing with him and compelling ryots to choose between him and Government, lies the safest and best mode of Government agricultural advances.

The system of accounts which I have advocated would make transaction of this kind simple, and Government would be aware of the precise degree of solvency of any ryot applying for an advance.

*Scheme to be experimental.*

54. Finally, I by no means wish it to be understood that I would enforce this system on the Province at large. I would try it experimentally in any taluka in which Government decides to aid in composition or settlement of debts, and in the first place it might be restricted to those whose debts had been compounded or settled, leaving it optional to any ryot to ask to open an account, and making it in such case compulsory with the sowkar to furnish the accountant with the present state of such ryot's account.

*Preventive measures a sine quâ non.*

55. Until the ryot has some means of keeping himself informed of his position, and unless the sowkar knows that he has such means, I am decidedly of opinion that all posterior remedies will be useless. The prevention is easier in this case than the cure. The mischief is done by the

time the ryot is taken into court. The concurrence of opinion seems to me general that once in court the ryot, under the present system, is ruined: for he is utterly unable to produce before the courts, however willing they may be to help him, a fraction of evidence. As Sir John Strachey wrote in 1859 (though with reference to another scheme of prevention):-

"No reform of our courts will alone meet this great evil, and I believe it to be of the greatest importance that the Government should not continue to shut its eyes to the ruin in which this widespread system of fraud, or of something little better, is involving the proprietors of the land. They are incapable of protecting themselves; the Government must interfere in their behalf; or bear in the opinion of the people all the discredit of their ruin."

56. Behind any such scheme there lies of course the initial difficulty of the existing mass of debt. First, as concerns the disturbed tracts. The appointment of a Commission has unquestionably led the people (both Marwaris and Kunbis) to expect the interference of Government, and from what we gathered while in camp, I think we are agreed that both sides would be very glad of interference. Business is suspended for the present; the creditors are in many cases willing to compound at four annas in the rupee if the debtors can give security. The debtors who can give security have in some cases compounded, but the more general position is that the Marwaris are put under a ban. The village servants will not work for them, the sweepers will not sweep their houses, the water-carrier will not give them water; a woman in a village in the Poona Collectorate who recently sold one of them some *pân* was fined by the village punchayat. This is a state which cannot last. The Kunbi will soon feel the want of money, and the Marwari will probably be able to renew at high rates the bonds which have been destroyed.

*Scheme for compounding present debt in the disturbed tracts.*

It is a bad precedent for the Government to help those who have so unscrupulously helped themselves; but after the expectations which have been raised, I think Government cannot draw back. And whatever is done should be done quickly that both sides may know what they have to expect. Mr. Richey submitted some time ago a scheme to Government, which I believe has been forwarded to the Government of India. The Commission have since drafted two bills, - the one to give effect to Mr. Richey's proposals; the other to carry out a more comprehensive scheme of settlement. Legislation is necessary to enable officers to call in debts, record compromises, enforce settlements, and sell out absolute insolvents. I would treat any Kunbi who is unable to compound or to liquidate by private arrangement, and whose liabilities exceed fifteen years, revenue as a bankrupt, buy in the holding at the market rate, pay the claims ratably or in full, out of the proceeds, discharge the debtor with Rs. 150 of necessary property, and hold the land as Government land, treating the Kunbi henceforth as a tenant, and charging the holding with a rent over and above the revenue-rate which would be sufficient to pay simple interest of the money advanced at 5 per cent, and eventually the principal. On repayment of the principal the land might be restored to the debtor or his heirs (if they still held it) on any terms which the Government desired. The Government should have a prior lien on the crops for payment of the rate imposed as it has been for its revenue. If the debt could not be paid within any reasonable term (such as a 30 years term), the Kunbi must be sold up and cleared off, a sufficient amount of land being reserved for him, as proposed by the Commission, within the limit of Rs. 150, to give him a livelihood. Any terms more favourable to the Kunbi than these would be an inducement to others in other parts to call in by violence the aid of the Government. Less favourable terms would fail to extricate the

Kunbi. The net result would be that the debt would be cleared off; the Kunbi would either be sold up, or would become a tenant of Government, holding at a fixed rent-rate, for a term, a heritable but not a transferable right; and in case of his throwing up the land, it would be re-let to any one wishing to occupy subject for a term of years to the rentcharge, or would be sold subject to a similar liability.

*Proposals as to collectorates similarly circumstanced.*

57. As regards Collectorates similarly circumstanced with the disturbed tracts, power should I think be given in the Bills to Government to extend the inquiry as it pleased; and I think that in all the Deccan districts the inquiry should be introduced, taluka by taluka. The result would probably be that a considerable number of men will be found to be but little indebted as many more involved to a degree in which composition, or instalments, or purchase by Government is necessary and a minority hopelessly indebted and only fit to be sold up. Following on the close of the inquiry in all cases, I would establish the village accountants.

*Other economic disadvantages incurable at present.*

58. For the other difficulties which press upon the ryot from the economic side I am aware of no solution. If he would migrate to unoccupied lands, or if non-agricultural employment were open to him, his position would be improved. But the Government is probably not prepared for any State measure of emigration on a scale large enough to advantage the mass of ryots, while with the gradual contracting of local public works and the as yet under trial experiment of cotton mills there seems little prospect of relief in this direction to the ryot. Thus the average amount annually spent in the Poona and Kirkee divisions in public works from 1865-66 to 1869-70 was Rs.

15,81,749: from 1870-71 to 1874-75, Rs. 6,06,114 only—an enormous loss of labour and capital to the district. The Bombay cotton mills are apparently mostly supplied at present from the crowded collectorate of Ratnágiri. From returns kindly furnished us by two Parsee gentlemen, owners of mills in Bombay, it appears that of 2,043 persons employed in one case, 1,450 are from Ratnágiri, 128 only from Poona; in the other, of a total of 696 men 24 only are from the Deccan, 459 from Ratnágiri. It will be as long probably before relief is found in this direction as from improved cultivation. Where are the means for improved cultivation to come from among a people enslaved by their creditors? Not from those who can gain nothing by it. Nor, until he changes every habit of his life, of his caste, and his tradition, from the Marwari capitalist. I look upon these commonplaces as belonging to the "education" class of remedy. Unquestionably they are the true remedies. As unquestionably their action is so tardy and so remote that there must be a long interval during which the least objectionable intermediate measures open to us must be utilised, if it is found that the progress of the mischief threatens to outstrip the advance of the ultimate means of relief. It is in the adaptation of such measures that the experience of a civilized Government may be applied rather than in a *laissez aller* policy based on the irrelevant position that in earlier times and in other parts of the world remedies applied by inexperienced ignorance were worse than the mischief.

*Fiscal source of difficulties. Gradual introduction of large enhancements of revenue expedient.*

59. The fiscal source of difficulties to the ryot comes next. I shall not be understood to speak with any but the strong feeling of respect which every one must feel towards the Bombay system of assessment, when I say that in the recent revisions it has been unfortunately placed. Those revisions took effect after a period of great excitement, and at the moment when reaction had

set in. The errors of the previous settlement necessitated enhancements which added to the new burdens. The Government in its Resolution No. 5,739 of 29th October, 1874, has laid down rules limiting the amount of enhancement in individual holdings, single villages, and in groups of villages or talukas; and more recently has lowered the rates of revision, on the ground that prices have fallen since revision to a degree which could not have been foreseen; so that much of the objection on this ground has been removed. But even after such revision the enhancements are very heavy, viz.:

Taluka Mádhā	41 $\frac{1}{2}$ per cent.
Taluka Bhimthari	37 per cent.
Taluka Pandharpur	48 per cent.
Taluka Indápur	39 per cent.
Taluka Sholapur	41 per cent.
Taluka Bársi	42 per cent.

I think it would be well if the Bombay authorities would reconsider favourably (I believe they have expressed an opinion adverse to it) the system now obtaining in the North-West of distributing considerable enhancements over a period of time. If with men of much larger incomes than are usual in Bombay, and with much smaller average enhancements it is found that a period of grace is necessary, it would surely be desirable here, where the holding is small and the margin of surplus narrow, and where enhancement averages, even after reductions, 40 per cent. In the one case a man may be brought to distress, but in the other to actual insolvency. And the argument applies with far greater force when we consider the small and precarious rainfall of the Deccan. Such a sentence as this seems to me, notwithstanding the great authority of the officers who are cited in it, to carry with it its own condemnation —

"It will be satisfactory to Government to find that Sir George Wingate, though adopting a different plan of estimating the amount of the

increase which may be imposed upon Indápur at the revision assessment, has arrived at almost precisely the same result as I had worked out: *that is to say according to his estimate the increase should be 54 per cent upon the present assessment, and my own estimate makes it 53. So near an agreement as this upon the complicated question of the re-assessment of a drought-stricken district like Indápur is very remarkable.*" - Colonel Francis, No. 828, dated 7th October 1867; p. 168, *Bombay Selections*, No. CVII, *New Series*.

It is to my mind much more remarkable that in a "drought-stricken" district, where the "question of re-assessment is complicated," an enhanced revenue of 54 per cent should be imposed *uno ictu*

*Essential reasons for such course in the case of the recent rise.*

60. These very heavy enhancements are the more unfortunate because, as I implied in paragraph 48, they have been caused in great measure by previous errors in the survey itself. It is obvious that if assessments rise on any principle readily intelligible to the people, their pressure, however trying, cannot be said to have been unforeseen. But in the Collectorate of Poona, as in Sholapur, much of the increase is due to errors in the classification of soils at the last survey (while under recent Government orders the corrections themselves have in some cases been corrected) and to cultivable land having been omitted in the assessed number, or included as un-arable and un-assessed, which has now been brought into the assessed area.

*Para 6, Government Resolution No 4515, dated 11th August 1875.*

Thus, even after revision by Government under recent orders in Mádhā of Sholapur-

"Of the gross increase of 41 1/2 per cent about 19 per cent is due, not to increase of rates, but to the assessment of lands left un-assessed at the original settlement, but appropriated by the cultivators during its term."

*Assessment applied on arithmetical data with too little regard to the opinions of district officers.*

And it is the same, though in varying degrees, in other talukas. In Bhimthari, of an enhancement of 63 per cent originally proposed, 10 per cent was due to re-measurement. In Sholapur, of 77 per cent increase, 10 per cent was due to re-measurements, 27 per cent to difference of classification. On the recent revision by Government, the revised classification of the recent survey has been again revised and lowered by Government. It is obvious this must introduce a further element of uncertainty into the value of land as a security, which at a time of falling prices and with the great contraction in the demand for local labour, and local expenditure of public capital, must prove most prejudicial to the ryot. In the causes of much of the enhancement, there should I think, be found an additional reason for introducing the new assessments gradually.

61. Finally, as bearing on the relation of the enhanced assessments to the economic condition of the people, I venture to think that the Bombay administrative procedure, if I understand it rightly, is apt to press hardly on the ryot. I should not have felt justified in advancing this opinion if I did not find myself supported by a recent expression of opinion by His Excellency the Governor in Council, which I will presently quote. The assessment seems to me to be based too purely on arithmetical data, and to be applied with too little regard to the condition of the agricultural body who are expected to pay. Now that the tenures have been defined and recorded, the Survey Department naturally looks to enhanced revenues as its *raison d'être*. Take in illustration the following paragraphs which I



arrange in parallel columns. They are from the same letter and refer to the same taluka (*Colonel*

*Waddington*, No. 921 dated 3rd October, 1873):-

"18. The condition of the people, from the inquiries I have made, does not show that improvement which might have been fairly expected from the influence of the low rates of assessment and security of life and prosperity which the district has enjoyed during the last 30 years. Mr. Whitcombe attributes this state of things to the uncertainty of the rainfall, which renders the people careless in the preparation of their lands, &c., &c. But I have no reason to suppose that their comparative want of progress is in any way due to over-assessment."

"31. The occupied area, according to the last year's account, was 271,194 acres, and the collections amounted to Rs. 1,06,897. By the revised survey the occupied area is 293,487 acres, and the proposed assessment thereon is Rs. 1,47,757, which is Rs. 40,860, or 38 per cent higher than last year's payments."

The officers, again, to whom the assessment is confided, have nothing, and never at any time can have anything, to do with the administration of the collectorates; the officers to whom the charge of collectorates is confided have not, and never have had anything to do with survey or assessment. Hence we find the spectacle of collectors, and revenue commissioners contending against the rates imposed by the Survey Department, much as if the collectors and the North-West Board were to fight against the conclusions of a co-ordinate settlement authority employed temporarily in the assessment of a district with which for a period of nearly thirty years it had had no concern.

Thus, in strenuous opposition to the Survey and Settlement Commissioner, we find the Revenue-Commissioner, Southern Division, writing like this:-

"Before closing this report, which has cost me much time and labour, I beg earnestly, in the spirit of moderation inculcated by Government, to deprecate any very large increase of the assessments. I go so far as to recommend Government to be satisfied with a minimum of 25 per cent increase on the whole area in all the talukas of the Sholapur collectorate, though I would of course not object to more if it can be obtained without over-assessment. I would also recommend that in any scheme of revision a limit of 50 per cent increase should not be exceeded in any one village, and 100 per cent not exceeded in any field, without suitable explanation" (20th, April 1874, paragraphs 118-19).

So, too - Colonel Francis:-

"I agree with the Collector that 77 per cent is a large increase, and should have very careful consideration before it is finally adopted. But considering the rise in the price of gram," &c., &c. (14th March 1871, paragraph 38)

The Bombay Government, by laying down maxima of enhancement, has recently tried to meet this anomaly, but has cut rather than solved the difficulty. So large an increase as 100 per cent on an individual holding, or of 66 per cent on a village, is still allowed without special sanction of Government. The passage I referred to above is the following. The italics are mine:-

*Bombay Government to Her Majesty's Secretary of State for India, No. 39, dated 17th December 1874.*

"In the course of the close examination of the subject on which we had entered, we could not fail to perceive with what care and anxiety the officers of the Survey Department had gradually learned both to classify the different descriptions of soil, and also to assess, with reference to means of communication, proximity to market, command of water and other circumstances, the different rates of assessment to be paid by the occupants of the land to the Government. But at the same time we noticed that, under the system

of survey and assessment which had gradually come into existence, there did not now exist, whatever might have been the original intention, that free interchange of opinion between the survey and revenue officers in the early stages of the transactions which is so desirable, and which may be regarded as one of the best guarantees for the soundness and equity of the operations. *The survey officers carry on their duties in a position of perfect independence of the revenue officers.* The lands are surveyed, the boundaries are marked, the names of the occupants are registered, classification is made, and the amount of rent to be paid by each occupant is fixed by the survey officers without any authoritative intervention on the part of the collectors. *It is not till the process has been completed for a district, and the results are about to be reported for the sanction of Government, that, for the first time, an opportunity for offering an opinion is afforded to the collector. But it is then too late.* It is impossible for the collector—he has not the means, even if he had the time—then to review to any good purpose so great a mass of detail, and he can only make comments of a general nature on the grouping of the villages, the maximum rates proposed, and the general financial results. We may well refer to the reports of the Revenue Commissioner, Southern Division, on a few solitary instances, for proofs of the labour with which an attempt at criticism of details must necessarily be attended. The survey officers being intimately acquainted with the whole, and prompted by the natural desire to uphold their own acts and to establish the advantageous results of their labours, must have great facilities for controverting the objections of the collector."

I may add that Mr. Pedder, who (an exceptional case) has had, I am told, experience both of survey and district work, admits in his "Leading Points regarding Revision of Settlements" (final paragraph) that-

"The enhancements of assessment already made have undoubtedly been far too great, and that Government might with advantage lay down as a general rule that the enhancement on a revision of settlement in the total demand on any taluka should not exceed 25 or 30 per cent. There seems to me in the reports of revised settlements which I have seen an absence of information on one or two points which are cardinal, - the money-rates at which lands are sublet, for example. The limits of the assumed rise in prices vary again with the periods of computation selected by different officers (in Indápur for instance), and the rise in wages, which is at least equally important, is not I think alluded to. Importance is attached to the number of year's revenue at which land is mortgaged, though these returns are known to be frequently fictitious. The selling rates of the right of occupancy for land of the several classes in each year of the settlement are not given, though I should have thought we could have no better indication of rental value. What proportion of rental on the several classes of soil is taken by the Government seems to me nowhere demonstrated.

*Adaptation of revenue system to special local peculiarities.*

62. Mr. Richey has in view a system by which the settlement in tracts where the rainfall is precarious should be made less rigid than at present. I cannot pretend to aid him in the details of such a system, as applied to a part of the country with which I have no acquaintance. But the principle is one which is at the present moment engaging the attention of the North-West Government in regard to its Bundelkhand districts, and if any scheme which could not involve haphazard remissions can be devised, it will unquestionably give a further relief to the ryot from a constant cause of embarrassment.

### *Third class of difficulties.*

63. Turning now to the last of the three points noted in paragraph 48, it will be seen that the proposals for village accounts will, if successful, go very far to relieve the ryot. But I may assume for the purposes of this section that there is no change of system.

### *Two stages of relief.*

64. Reserving till the close of these remarks the working of the Courts, I would note here that the relief which can be given by the Legislature concerns the ryot at two stages, which are distinct, and the remedies for which have little interconnection. There is, first, the stage at which the ryot, though indebted, is still solvent, and the second or final stage when he has become hopelessly embarrassed. To the first stage belong such proposals as a modification of the law of limitation or imprisonment; to the second, a law of insolvency, or proposals having for their object a revised procedure in the conduct of sales of land, or the reservation of a margin for necessities and implements of trade when a debtor's property is sold. To begin with the first stage.

### *Law of limitation.*

65. As to the law of limitation, the present term of three years, I believe, applies only to bonds in which immoveable property is not hypothecated, or to unregistered bonds, and in such case only if no interest is paid, or, if paid, is not acknowledged in writing. An acknowledgment in writing is rarely, if ever, given to ryots, and practically the term of three years is made to apply to all unsecured or unregistered bonds. But as we have seen, renewal is insisted on every second year, to leave the creditor a margin of time for accidents. The law of Damdooput, if rigidly enforced, is equivalent at 24 per cent interest to a limitation law of four years. But it is doubtful whether it was rigidly enforced - that is, whether bonds were

renewed so soon as the interest had equaled the principal, for the penalty was partial loss of interest only, and not total loss of principal and interest as under the limitation law; and in any case it was equivalent to a term double the period now currently allowed under the limitation law. We have nothing before us to show why the period was reduced from twelve to three years, but I suppose it was on the ground of public policy, and to ensure prompt settlement of accounts. The rule, so far as we can gather, has worked prejudicially to the ryot, who, as Mr. Gopyram Hury says, perhaps has -

"Borrowed for his son's marriage after planting sugarcane or making a garden and it will require six or seven years to pay the debt. The longer the period the more convenient it is for both parties to adjust their accounts. Two years-

(it may be observed, in passing, that this gentleman, like the Sub-Judge previously quoted, points out that the three years resolves itself into two)-

may be bad years, and the man has hardly been able to maintain himself, and expects that the third or fourth year may prove a year of plenty."

The period is apparently used to extort at short intervals renewal of bonds at higher rates under threat of proceedings. The people themselves seem pretty unanimous in ascribing much of their difficulties to the brief period of limitation, which compels them every second year to find ready money or to renew; and if twelve years seem an inordinately long time, seven (which practically would be six) might be worth consideration. I think that further inquiry and information is needed by Government before any new limit can be definitely proposed.

### *Imprisonment for debt.*

69. The law of imprisonment seems to press on the Indian agricultural debtor with a severity wholly unknown to the debtor of the presidency town. Mr. Lyon in his Digest (p. 105) writes:-

"It will be seen from the following quotations that the law in force in India is much more unfavourable to the debtor than that of any other of the countries referred to. Even the Roman law was not so severe, as the debtor was discharged on delivering up his property. The law has been relaxed in India as to certain chiefs in Sind, and the most important provision of the Baroda Talukdars Act, the Ahmedabad Talukdars, and the Ajmer Regulation consists in a clause exempting these talukdars from arrest. Their property still remains liable. In the presidency towns the debtor can get off both imprisonment and all future liability on giving up all his property except Rs. 300 worth."

In England, before imprisonment for debt was done away with, the following was the rule:-

"In England (p. 120, *Digest; Extract from Lord Madenzie's Roman law*) no debtor, generally speaking, can be imprisoned for a debt under 20*l*; neither can the judgment creditor execute all the writs of execution at the same time. The general rule is that imprisonment is a satisfaction for the debt unless the debtor die in prison, or escape, or be rescued; and hence, after that kind of execution, the creditor cannot seize his goods and lands also. Again, where a writ of execution against the real estate has been executed, the debtor's person or personal estate cannot be taken. But after taking the personal estate either the person or the real estate may be taken."

In India, imprisonment may be terminated by the debtor giving in a list of all his property, but he still remains liable in property at any time afterwards acquired, till satisfaction of the debt, though he cannot be imprisoned twice on *the same* decree, unless fraud is proved but he can be imprisoned on any other decree

*Used as means of compulsion.*

67. Imprisonment for debt if the debtor has any effects, is as a means of compulsion, only another way of doing what is equally well done by sale of the debtor's property. In other words, as a means of compulsion, the power to sell is, I should suppose, quite as efficacious. A man who has had

the means of paying, but declined to pay, would be as much alarmed by finding that his property was to go to the hammer, as by receiving a warrant of arrest for his own person; where, on the other hand, the debtor has no effects, he can even under the present law obtain release. The power of compulsion is intended to be used as a means for the enforcement of payment, not as a means for extorting usurious terms of renewal from the debtor. The double power of imprisoning, and at the same time, notwithstanding imprisonment, of holding the unsatisfied decree in *terrorem* over the debtor, gives the creditor powers beyond what are required for his purpose. For legitimate purposes of compulsion the power of sale is sufficient. If imprisonment is retained, it might, as formerly in England, act as full satisfaction of the claim, unless the debt has been fraudulently contracted. At the same time, so long as any compulsory power is allowed—and of course it must be allowed—it matters apparently very little what form it takes. Whatever it is, it will be used by the creditor as a means of obtaining fresh and favourable terms (the shorter the term of limitation, the more often it will be used), and will be yielded to by debtors, such as those we are dealing with, who, though solvent if they would sell a part of their effects, prefer renewal at unfavourable rates to instant loss of property. All I can say is, that so long as the power of sale is left with the creditor, I do not think he should be armed (except in the case of fraudulent debtor), with the further power of imprisonment, which seems habitually abused. There is, of course the general principle, that a man should be responsible in person and property for his debts. This we see aptly exemplified in the Hill tracts of Khandesh, where agricultural debtors are sold among the Guzurs like cattle, and are, I believe, a new and very valuable form of property; but the English Legislature has taken a more lenient view, and I do not see why the provisions of the English law, as embodied in 32 & 33 Vict. c. 62, should not be applied in India.

*An insolvency law not likely to be much used unless made compulsory.*

68. Then, as to the second stage, when the debtor has become insolvent. It seems opposed to all experience, but what I can learn of the character and habits of the agricultural debtor and his creditor on this side of India, leads me to think that neither would care much for an insolvency law. The debtor does not wish for any arrangement which will help to get him off the land, and would prefer holding on as a nominal proprietor, at a rack-rent, to ouster and dispossession. The creditor would find the "sweating" custom more profitable than liquidation. Moreover, he does not ordinarily wish the land itself, and prefers to receive its profits, while the liabilities rest with the nominal proprietor. The agricultural debtor, if offered the alternative of freedom from all claims on condition of surrendering all property, or indefinite liability and nominal ownership, would, I gather from the information before us, ordinarily elect for the latter. What he wants is to retain the land, and at the same time to get rid of the liabilities; and this is a desire which no insolvency law can gratify. If the amount of his debt is not more than the value of his land, he can himself liquidate it; if more, he prefers to immediate sale trusting to chance. It is on grounds of public expediency that an agricultural insolvency law can be best advocated; on the ground that it is desirable to put an end to the present state of things - to clear, that is to say the insolvent off the land, and to compel the creditor to accept the outcome of his dealings to become the owner of the land which he declines to take into possession, and to abandon the sources of profit which he finds in the sweating system. From this point of view, I think that an insolvency law is *most* necessary, but that it would be popular with either section whom it concerned, I doubt.

*Term of currency of decrees.*

The draft Civil Procedure Code Bill contains a provision that after twelve years a decree should cease to have any effect. But this, again, will give no real relief, to the debtor; for a sowkar ordinarily has by him several bonds, ranging over a term of years, and by obtaining on them decrees at different times he can extend the period so as practically to evade limitation.

*Inadequate prices at sales of land.*

69. Again, as to the inadequate prices fetched at the sale of rights and interests in the execution of civil court decrees. This is as frequent a cause of complaint in the North-west Provinces as in Bombay, the reason probably being the same in either case, *viz.*, that the amount and value of the liens on the rights sold are not known, and a purchaser, other than the decree holder, has no knowledge of what he is buying. The court selling the land has the means of ascertaining, through the revenue authorities, and from its own enquiries most, if not all, of the charges on the rights and interests to be sold, and what those rights and interests are; and it should, I think, be compelled to do so and to publish them with the notification of sale.

*Sale of necessities and improvements of trade.*

70. 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 of exempt from attachment.

By the present law (section 205, Civil Procedure Code), "*all property whatsoever*, moveable and immoveable, belonging to the defendant, is liable to attachment and sale in execution of a

decree." The draft bill makes no material change. By the English Bankruptcy Act, 1869, section 15, the tools (if any) of the bankrupt's trade and the necessary wearing apparel and bedding of himself, his wife, and children; to a value, inclusive of tools, and apparel, and bedding, not exceeding 20l. in the whole, are exempted from sale. By the Insolvency Act, Rs. 300 worth of property may, in the Presidency towns, be retained by the debtor.

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 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 to a limit of Rs. 150 or Rs. 200. On the expediency of this I cannot entertain a doubt. The Marwari is armed with powers, natural and legal, enough to warrant Government in depriving him of this extraordinary weapon, the *absolute* ruin of his debtor.

*Summary Land unless hypothecated for a debt, to be exempt from sale in satisfaction.*

Modifications in the law of imprisonment and limitation, an insolvency law, a revised procedure for the conduct of sales in execution of decrees, and the exemption of necessities from sale, would relieve the ryot from some amount of disadvantage on the judicial side; but so long as the courts and the debtor are kept, as at present, in ignorance of any but the last stage of the progress of the debt on which the court adjudicates, I do not believe that any of the above measures will bring sensible relief. A further form in which relief might be given is to allow of sale of land only for debts in regard to which it has been hypothecated. This was earnestly advocated by Colonel Wingate, and subsequently by Sir William Muir, and seems, from the letter to the Bombay Government (at p.

313 of Mr. Lyon's Digest), to commend itself, so far at least as the Presidency town is concerned, to the Bombay High Court.

*Suits for sale of Land is satisfaction of debt to be heard by selected courts only.*

72. In collectorates in which it is thought unnecessary to introduce and gradually extend any such administrative measures as I have advocated for the protection of the ryot (or, if the plan is rejected, in *all* collectorates) - I mean the appointment of a village accountant - I am of opinion that *all suits for recovery of money by sale of land* should be heard by *one court only*; and that the court should not confine its sitting to one place, but should move about to specified points within its charge, and as much as possible at different times of the year. The court of the joint or assistant judge is the kind of court I mean, and it should be guided in its decisions by the principles laid down in the circular of the Punjab Chief Court in 1872; should especially inquire into the use of certain or undue influence in contracts; and should make liberal use of the power given in the Indian Contracts Act (IX. of 1872) to annul or modify contracts falling under section 14. The opinions furnished to Government and to us by the sub-judges and by many of the judges seem to me to amount to a confession of inability to do justice. They are tools in the hands of the Marwari who alone appears before them, who frequently furnishes them with no accounts, and commonly gets decrees on bonds obtained under all kinds of compulsion, and representing enormous compound interest. They have, moreover, so much to do that they are said to postpone for very long periods the hearing of defended cases in order to get through the files. I think it is very much to the credit of the subordinate judicial administration that it has expressed itself so clearly as to the position which it is compelled to occupy. But with the facts stated to them, Government can scarcely continue to have confidence in the efficiency of the present machinery. The High court of Bombay

have in several of their judgments interpreted, in a sense favourable to the debtor, the provisions of the law enacted in India. But when we find that a large number of suits are fraudulent, or rest on extortionate claim and yet that only three out of every ten debtors appear to defend a suit, the judge's labour is in vain. If in consequence of his being unequally matched with his creditor, the debtor will not come to our courts, the only thing that can be done (unless we are to be satisfied with mechanical decree-grinding) is to take the court to the debtor. Similarly, if the courts can receive no aid from the executive, the only way in which improvement seems to me possible is by entrusting to a specially selected class of moveable courts the trial of all suits for money in which land is security (I assume that unless pledged as security land would be exempt from sale), and by saling them with considerable powers of revision over improvident contracts extorted by coercion. These powers should not be entrusted to courts such as those of sub-judges, but in the assistant judges there seems to be a machinery at hand which is not unequal to the duty. Mr. Richey, who also advocates this plan, is, I believe, working it out in greater detail.

*Precis of objections to certain other schemes.*

73. It only remains to add that I am opposed to any general scheme of prohibiting sale of land in execution of decrees of the civil courts, because I think so sweeping a measure unnecessary, because I should be very averse from prohibiting absolutely the transfer of land, which must, I think, follow the more partial measure, and because we cannot foresee the effects of such a

measure on credit, - a matter of extreme importance when viewed, especially with a ryotwari system, in its relation to our rigid system of land-revenue payments. Other schemes do not go so far, but contemplate minor restrictions, such as those of Mr. West or Mr. Jones, are, I think, impracticable, because they require an amount of personal interference by the collector which I am sure he could not give them, and because they require for success the co-operation of the debtor, who in the borrowing stage very often combines with the creditor, though he may resist him to the utmost when it comes to a settlement. Land banks on any scale large enough to be of immediate use, are not I think likely to succeed. The Sowkar would be opposed to them and would use his great influence against them, which, with a people habitually distrustful of Government measures, would be probably successful. I believe that in the existing agency of the village banker we have at hand machinery which will be more welcome to the people and less cumbersome to the Government.

74. I wish, in conclusion, most cordially to acknowledge that I am mainly indebted to my colleagues in the Commission for any thing in this memorandum which may be found of use.

Matheran, AUCKLAND COLVIN.  
November 8, 1875.

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# FREE TRADE AGREEMENT BETWEEN THE REPUBLIC OF INDIA AND THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

## PREAMBLE

The Government of the Republic of India and the Government of the Democratic Socialist Republic of Sri Lanka, (hereinafter referred to as the "Contracting Parties").

**CONSIDERING** that the expansion of their domestic markets, through economic integration, is a vital prerequisite for accelerating their processes of economic development.

**BEARING** in mind the desire to promote mutually beneficial bilateral trade.

**CONVINCED** of the need to establish and promote free trade arrangements for strengthening intra-regional economic cooperation and the development of national economies.

**FURTHER RECOGNISING** that progressive reductions and elimination of obstacles to bilateral trade through a bilateral free trade agreement (hereinafter referred to as "The Agreement") would contribute to the expansion of world trade.

HAVE agreed as follows:

Article I - Objectives

Article II - Definitions

Article III - Elimination of Tariffs

Article IV - General Exceptions

Article V - National Treatment

Article VI - State Trading Enterprises

Article VII - Rules of Origin

Article VIII - Safeguard Measures

Article IX - Domestic Legislation

Article X - Balance of Payment Measures

Article XI - Joint Committee

Article XII - Consultations

Article XIII - Settlement of Disputes

Article XIV - Duration and Termination of Agreement

Article XV - Amendments

Article XVI - Annexures to be finalised

Article XVII - Entry into Force

Annexure - 'A' - Concession offered by India

Annexure - 'B' - Concession offered by Sri Lanka

Annexure - 'C' - Rules of Origin

## Article I Objectives

1. The Contracting Parties shall establish a Free Trade Area in accordance with the provisions of this Agreement and in conformity with relevant provisions of the General Agreement on Tariff and Trade, 1994.
2. The objectives of this Agreement are:
  - (i) To promote through the expansion of trade the harmonious development of the economic relations between India and Sri Lanka.
  - (ii) To provide fair conditions of competition for trade between India and Sri Lanka
  - (iii) In the implementation of this Agreement the Contracting Parties shall pay due regard to the principle of reciprocity
  - (iv) To contribute in this way, by the removal of barriers to trade, to the harmonious development and expansion of world trade.

## Article II Definitions

For the purpose of this agreement:

1. "Tariffs" means basic customs duties included in the national schedules of the Contracting Parties.
2. "Products" means all products including manufactures and commodities in their raw, semi-processed and processed forms.
3. "Preferential Treatment" means any concession or privilege granted under this



Agreement by a Contracting Party through the elimination of tariffs on the movement of goods.

4. "The Committee" means the Joint Committee referred to in Article XI.
5. "Serious Injury" means significant damage to domestic producers, of like or similar products resulting from a substantial increase of preferential imports in situations which cause substantial losses in terms of earnings, production or employment unsustainable in the short term. The examination of the impact on the domestic industry concerned shall also include an evaluation of other relevant economic factors and indices having a bearing on the state of the domestic industry of that product.
6. "Threat of serious injury" means a situation in which a substantial increase of preferential imports is of a nature so as to cause "Serious injury" to domestic producers, and that such injury, although not yet existing is clearly imminent. A determination of threat of serious injury shall be based on facts and not on mere allegation, conjecture, or remote or hypothetical possibility.
7. "Critical circumstances" means the emergence of an exceptional situation where massive preferential imports are causing or threatening to cause "serious injury" difficult to repair and which calls for immediate action.

### **Article III Elimination of Tariffs**

The Contracting Parties hereby agree to establish a Free Trade Area for the purpose of free movement of goods between their countries through elimination of tariffs on the movement of goods in accordance with the provisions of Annexures A & B which shall form an integral part of this Agreement.

### **Article IV General Exceptions**

Nothing in this Agreement shall prevent any Contracting Party from taking action and adopting measures, which it considers necessary for the protection of its national security, the protection of public morals, the protection of human, animal or plant life and health, and the protection of articles of artistic, historic and archaeological value, as is provided for in Articles XX and XXI of the General Agreement on Tariff and Trade, 1994.

### **Article V National Treatment**

The Contracting Parties affirm their commitment to the principles enshrined in Article III of GATT 1994.

### **Article VI State Trading Enterprises**

1. Nothing in this Agreement shall be construed to prevent a Contracting Party from maintaining or establishing a state trading enterprise as understood in Article XVII of General Agreement on Tariff and Trade, 1994.
2. Each Contracting Party shall ensure that any state enterprise that it maintains or establishes acts in a manner that is not inconsistent with the obligations of the Contracting Parties, under this Agreement and accords non-discriminatory treatment in the import from and export to the other Contracting Party.

## **Article VII Rules of Origin**

1. Products covered by the provisions of this Agreement shall be eligible for preferential treatment provided they satisfy the Rules of Origin as set out in Annexure C to this Agreement which shall form an integral part of this Agreement.
2. For the development of specific sectors of the industry of either Contracting Party, lower value addition norms for the products manufactured or produced by those sectors may be considered through mutual negotiations.

## **Article VIII Safeguard Measures**

1. If any product, which is the subject of preferential treatment under this Agreement, is imported into the territory of a Contracting Party in such a manner or in such quantities as to cause or threaten to cause, serious injury in the importing Contracting Party, the importing Contracting Party may, with prior consultations except in critical circumstances, suspend provisionally without discrimination the preferential treatment accorded under the Agreement.
2. When action has been taken by either Contracting Party in terms of paragraph 1 of this Article, it shall simultaneously notify the other Contracting Party and the Joint Committee established in terms of Article XI. The Committee shall enter into consultations with the concerned Contracting Party and endeavor to reach mutually acceptable agreement to remedy the situation. Should the consultations in the Committee fail to resolve the issue within sixty days, the party affected by such action shall have the right to withdraw the preferential treatment.

## **Article IX Domestic Legislation**

The Contracting Parties shall be free to apply their domestic legislation to restrict imports, in cases where prices are influenced by unfair trade practices like subsidies or dumping. Subsidies and dumping shall be understood to have the same meaning as in the General Agreement on Tariff and Trade, 1994 and the relevant WTO Agreements.

## **Article X Balance of Payment Measures**

1. Notwithstanding the provisions of this Agreement, any Contracting Party facing balance of payments difficulties may suspend provisionally the preferential treatment as to the quantity and value of merchandise permitted to be imported under the Agreement. When such action has taken place, the Contracting Party, which initiates such action shall simultaneously notify the other Contracting Party.
2. Any Contracting Party, which takes action according to paragraph 1 of this Article, shall afford, upon request from the other Contracting Party, adequate opportunities for consultations with a view to preserving the stability of the preferential treatment provided under this Agreement.

## **Article XI Joint Committee**

1. A Joint Committee shall be established at Ministerial level. The Committee shall meet at least once a year to review the progress made in the implementation of this Agreement and to ensure that benefits of trade expansion emanating from this Agreement accrue to both Contracting Parties equitably.

The Committee may set up Sub-Committees and/or Working Groups as considered necessary.

2. In order to facilitate cooperation in customs matters, the Contracting Parties agree to establish a Working Group on customs related issues including harmonisation of tariff headings. The Working Group shall meet as often as required and shall report to the Committee on its deliberations.
3. The Committee shall accord adequate opportunities for consultation on representations made by any Contracting Party with respect to any matter affecting the implementation of the Agreement. The Committee shall adopt appropriate measures for settling any matter arising from such representations within 6 months of the representation being made. Each Contracting Party shall implement such measures immediately.
4. The Committee shall nominate one apex chamber of trade and industry in each country as the nodal chamber to represent the views of the trade and industry on matters relating to this Agreement.

#### **Article XII Consultations**

1. Each Contracting Party shall accord sympathetic consideration to and shall afford adequate opportunity for, consultations regarding such representations as may be made by the other Contracting Party with respect to any matter affecting the operation of this Agreement.

2. The Committee may meet at the request of a Contracting Party to consider any matter for which it has not been possible to find a satisfactory solution through consultations under paragraph 1 above.

#### **Article XIII Settlement of Disputes**

1. Any dispute that may arise between commercial entities of the Contracting Parties shall be referred for amicable settlement to the nodal apex chambers. Such references shall, as far as possible, be settled through mutual consultations by the Chambers. In the event of an amicable solution not being found, the matter shall be referred to an Arbitral Tribunal for a binding decision. The Tribunal shall be constituted the Joint Committee in consultation with the relevant Arbitration Bodies in the two countries.
2. Any dispute between the Contracting Parties regarding the interpretation and application of the provisions of this Agreement or any instrument adopted within its framework shall be amicably settled through negotiations failing which a notification may be made to the Committee by any one of the Contracting Parties.

#### **Article XIV Duration and Termination of Agreement**

This Agreement shall remain in force until either Contracting Party terminates this Agreement by giving six months written notice to the other of its intention to terminate the Agreement.

### **Article XV Amendments**

The Agreement may be modified or amended through mutual agreement of the Contracting Parties. Proposals for such modifications or amendments shall be submitted to the Joint Committee and upon acceptance by the Joint Committee, shall be approved in accordance with the applicable legal procedures of each Contracting Party. Such modifications or amendments shall become effective when confirmed through an exchange of diplomatic notes and shall constitute an integral part of the Agreement.

Provided however that in emergency situations, proposals for modifications may be considered by the Contracting Parties and if agreed, given effect to through an exchange of diplomatic notes.

### **Article XVI Annexures to be finalised**

Annexure D(i) and D(ii) (Negative Lists of India and Sri Lanka respectively), E (Items on which India has undertaken to give 100% tariff concession on coming into force of the Agreement) and F (Items on which Sri Lanka has undertaken to give 100% tariff concession on the coming into force of the Agreement) shall be finalised within a period of 60 days of the signing of this Agreement. All the Annexures shall form an integral part of the Agreement.

### **Article XVII Entry into Force**

The Agreement shall enter into force on the thirtieth day after the Contracting Parties hereto have notified each other that their respective constitutional requirements and procedures have been completed.

In witness where of the undersigned, duly authorised thereto by their respective Governments, have signed this Agreement.

Done in duplicate at New Delhi this 28th day of December 1998 in two originals in the English language.

Sd/-	Sd/-
For the Government of the Republic of India	For the Government of the Democratic Social- ist Republic of Sri Lanka

### **Annexure 'A' Concession offered by India**

The Government of India shall grant duty free access to all exports from Sri Lanka in respect of items freely importable into India, except on items listed in Annex D of this Agreement, in accordance with the phase out schedule detailed below:

1. Upon entry into force of the Agreement :-
  - a. Zero duty access for the items in Annexure 'E'
  - b. 50% margin of preference on the remaining items except on items listed in Annexure D. Concessions on items in Chapters 51 to 56, 58 to 60 and 63 shall be restricted to 25%.
2. The margin of preference on the items mentioned in (b) above shall be increased to 100% in two stages within three years of the coming into force of the Agreement, except for the textiles items referred to in 1(b) above.

### **RELEVANT INDIAN CUSTOMS NOTIFICATION**

*Note: This documents are available in PDF format. Please use Acrobat Reader to view them (available for free download at <http://www.adobe.com/prodindex/acrobat/readstep.html>)*

### **Annexure 'B'** **Concession offered by Sri Lanka**

Government of Sri Lanka shall provide tariff concessions on exports from India to Sri Lanka in respect of items freely importable into Sri Lanka, as detailed below:-

1. Zero duty for the items in Annex 'F' - I, upon entering into force of the Agreement.
2. 50% margin of preference for the items in Annex 'F' - II, upon coming into force of the Agreement. The margin of preference in respect of these items shall be deepened to 70%, 90% and 100%, respectively, at the end of the first, second and third year of the entry into force of the Agreement.
3. For the remaining items except those in Annex 'D', the tariffs shall be brought down by not less than 35% before the expiry of three years and 70% before the expiry of the sixth year and 100% before the expiry of eight years, from the date of entry into force of the Agreement.

### **CONCESSION OFFERED BY SRI LANKA**

#### **Annexure 'C'**

### **RULES OF ORIGIN**

#### **1. Short title/commencement**

These rules may be called the rules of Determination of Origin of Goods under the Free Trade Agreement between the Democratic Socialist Republic of Sri Lanka and the Republic of India.

#### **2. Application**

These rules shall apply to products consigned from the territory of either of the Contracting Parties.

#### **3. Determination of Origin**

No product shall be deemed to be the produce or manufacture of either country unless the conditions specified in these rules are complied with in relation to such products, to the satisfaction of the appropriate Authority.

#### **4. Claim at the time of importation**

The importer of the product shall, at the time of importation:

- a. make a claim that the products are the produce or manufacture of the country from which they are imported and such products are eligible for preferential treatment under the Agreement, and
- b. produce the evidence specified in these rules.

#### **5. Originating products**

Products covered by the Agreement imported into the territory of a Contracting Party from another Contracting Party which are consigned directly within the meaning of rule 9 hereof, shall be eligible for preferential treatment if they conform to the origin requirement under any one of the following conditions:

- a. Products wholly produced or obtained in the territory of the exporting Contracting Party as defined in rule 6; or
- b. Products not wholly produced or obtained in the territory of the exporting Contracting Party, provided that the said products are eligible under rule 7 or rule 8.

#### **6. Wholly produced or obtained**

Within the meaning of rule 5(a), the following shall be considered as wholly produced or obtained in the territory of the exporting Contracting Party:

- a. raw or mineral products extracted from its soil, its water or its seabed;
- b. vegetable products harvested there;
- c. animals born and raised there;
- d. products obtained from animals referred to in clause (c) above;
- e. products obtained by hunting or fishing conducted there;
- f. products of sea fishing and other marine products from the high seas by its vessels<sup>3,4</sup>;
- g. products processed and/or made on board its factory ships exclusively from products referred to in clause (f) above<sup>4,5</sup>;
- h. used articles collected there, fit only for the recovery of raw materials;
- i. waste and scrap resulting from manufacturing operations conducted there;
- j. products extracted from the seabed or below seabed which is situated outside its territorial waters, provided that it has exclusive exploitation rights;
- k. goods produced there exclusively from the products referred to in clauses (a) to (j) above.

## 7. Not wholly produced or obtained

- a. Within the meaning of rule 5(b), products worked on or processed as a result of which the total value of the materials, parts or produce originating from countries other than the Contracting Parties or of undetermined origin used does not exceed 65% of the f.o.b. value of the products produced or obtained and the final process of manufacture is performed within the territory of the exporting Contracting Party shall be eligible for preferential treatment, subject to the provisions of clauses (b), (c), (d) and (e) of rule 7 and rule 8.
- b. Non-originating materials shall be considered to be sufficiently worked or processed when the product obtained is classified in a

heading, at the four digit level, of the Harmonised Commodity Description and Coding System different from those in which all the non-originating materials used in its manufacture are classified.

- c. In order to determine whether a product originates in the territory of a Contracting Party, it shall not be necessary to establish whether the power and fuel, plant and equipment, and machines and tools used to obtain such products originate in third countries or not.
- d. The following shall in any event be considered as insufficient working or processing to confer the status of originating products, whether or not there is a change of heading:
  1. Operations to ensure the preservation of products in good condition during transport and storage (ventilation, spreading out, drying, chilling, placing in salt, sulphur dioxide or other aqueous solutions, removal of damaged parts, and like operations).
  2. Simple operations consisting of removal of dust, sifting or screening, sorting, classifying, matching (including the making-up of sets of articles), washing, painting, cutting up;
  3. (i) changes of packing and breaking up and assembly of consignments,
    - (ii) simple slicing, cutting and repacking or placing in bottles, flasks, bags, boxes, fixing on cards or boards, etc., and all other simple packing operations.
  4. the affixing of marks, labels or other like distinguishing signs on products or their packaging;

- 5. simple mixing of products, whether or not of different kinds, where one or more components of the mixture do not meet the conditions laid down in these Rules to enable them to be considered as originating products;
  - 6. simple assembly of parts of products to constitute a complete product;
  - 7. a combination of two or more operations specified in (a) to (f);
  - 8. slaughter of animals.
- e. The value of the non-originating materials, parts or produce shall be:
- i. The c.i.f. value at the time of importation of the materials, parts or produce where this can be proven; or
  - ii. The earliest ascertainable price paid for the materials, parts or produce of undetermined origin in the territory of the Contracting Parties where the working or processing takes place.

### **8. Cumulative rules of origin**

In respect of a product, which complies with the origin requirements provided in rule 5(b) and is exported by any Contracting Party and which has used material, parts or products originating in the territory of the other Contracting Party, the value addition in the territory of the exporting Contracting Party shall be not less than 25 per cent of the f.o.b. value of the product under export subject to the condition that the aggregate value addition in the territories of the Contracting Parties is not less than 35 per cent of the f.o.b. value of the product under export.

### **9. Direct consignment**

The following shall be considered to be directly consigned from the exporting country to the importing country:

- a. if the products are transported without passing through the territory of any country other than the countries of the Contracting Parties.
- b. The products whose transport involves transit through one or more intermediate countries with or without transshipment or temporary storage in such countries; provided that
  - i. the transit entry is justified for geographical reason or by considerations related exclusively to transport requirements;
  - ii. the products have not entered into trade or consumption there; and
  - iii. the products have not undergone any operation there other than unloading and reloading or any operation required to keep them in good condition.

### **10. Treatment of packing**

When determining the origin of products, packing should be considered as forming a whole with the product it contains. However, packing may be treated separately if the national legislation so requires.

### **11. Certificate of origin**

Products eligible for a Certificate of origin in the form annexed shall support preferential treatment issued by an authority designated by the Government of the exporting country and notified to the other country in accordance with the certification procedures to be devised and approved by both the Contracting Parties.

## 12. Prohibitions

Either country may prohibit importation of products containing any inputs originating from States with which it does not have economic and commercial relations;

## 13. Co-operation between contracting parties

- a. The Contracting Parties will do their best to co-operate in order to specify origin of inputs in the Certificate of origin.
- b. The Contracting Parties will take measures necessary to address, to investigate and, where appropriate, to take legal and/or administrative action to prevent circumvention of this Agreement through false declaration concerning country of origin or falsification of original documents.
- c. Both the Contracting Parties will co-operate fully, consistent with their domestic laws and procedures, in instances of circumvention or alleged circumvention of the Agreement to address problems arising from circumvention including facilitation of joint plant visits and contacts by representatives of both Contracting Parties upon request and on a case - by - case basis.
- d. If either Party believes that the rules of origin are being circumvented, it may request consultation to address the matter or matters concerned with a view to seeking a mutually satisfactory solution. Each party will hold such consultations promptly.

## 14. Review

These rules may be reviewed as and when necessary upon request of either Contracting Party and may be open to such modifications as may be agreed upon.

## NOTES

1. Includes mineral fuels, lubricants and related materials as well as mineral or metal ores
2. Includes agricultural and forestry products
3. "Vessels" shall refer to fishing vessels engaged in commercial fishing, registered in the country of the Contracting Party and operated by a citizen or citizens of the Contracting Party or partnership, corporation or association, duly registered in such country, at least 60 per cent of equity of which is owned by a citizen or citizens and/or Government of such Contracting Party or 75 per cent by citizens and/or Governments of the Contracting Parties. However, the products taken from vessels, engaged in commercial fishing under Bilateral Agreements which provide for chartering/leasing of such vessels and/or sharing of catch between Contracting Party will also be eligible or preferential treatment.
4. In respect of vessels or factory ships operated by Government agencies, the requirements of flying the flag of the Contracting Party does not apply.
5. For the purpose of this Agreement, the term "factory ship" means any vessel, as defined, used for processing and/or making on board products exclusively from those products referred to in clause (f) of Rule 6.
6. Cumulation as implied by Rule 8 means that only products which have acquired originating status in the territory of one Contracting Party may be taken into account when used as inputs for a finished product eligible for preferential treatment in the territory of the other Contracting Party.



### CERTIFICATE OF ORIGIN

1. Goods consigned from (Exporters' Business Name, Address, Country)			Reference No.  INDO-SRI LANKA FREE TRADE AGREEMENT (ISFTA) (Combined declaration and certificate)		
			Issued in..... (Country)  (See notes overleaf)		
2. Goods consigned to (Consignee's Name, Address, Country)			4. For Official use		
3. Means of transport and route (as far as known)					
5. Tariff item number	6. Marks and numbers of packages	7. Number and kind of packages: description of goods	8. Origin criterion (see Notes overleaf)	9. Gross weight or other quantity	10. Number and date of invoice
11. Declaration by the Exporter The undersigned hereby declares that the above details and statements are correct; That all the goods were produced in  .....  (Country)  and that they comply with the origin requirements specified for those goods in ISFTA for goods exported to  ..... (Importing Country)  .....			12. Certificate:  It is hereby certified, on the basis of control carried out that the declaration by the exporter is correct.		
Place and date, signature of the authorised signatory			Place and date, signature and stamp of certifying authority.		

#### I. To qualify for preference, products must:

7. fall within a description of products eligible for concessions in the country of destination under this agreement.

8. comply with ISFTA Rules of Origin. Each Article in a consignment must qualify separately in its own right; and

9. comply with the consignment conditions specified by the ISFTA Rules of Origin. In general products must be consigned directly within the meaning of Rule 9 hereof from the country of exportation to the country of destination.

#### II. Entries to be made in Box 8

Preference products must be wholly produced or obtained in the exporting Contracting Party in accordance with Rule 6 of the ISFTA Rule of Origin, or where not wholly produced or obtained in the exporting Contracting Party must be eligible under Rule 7 or Rule 8.

10. Products wholly produced or obtained enter the letter 'A' in box 8.

11. Products not wholly produced or obtained; the entry in box 8 should be as follows: the products; (example B ( ) percent).

12. Enter letter 'B' in box 8 for products, which meet the origin criterion according to Rule 7. Entry of letter would be followed by the sum of the value of materials, parts or produce originating from non-contracting parties or undetermined origin used, expressed as a percentage of the f.o.b. value of

13. Enter letter 'C' in box 8 for products, which meet the origin criteria according to Rule 8. Entry of letter 'C' would be followed by the sum of the aggregate content originating in the territory of the exporting Contracting Party expressed as a percentage of the f.o.b. value of the exported product: (example 'C' ( ) per cent).

**Table 1. Expenditure on Gross Domestic Product at Current Prices**

(Rs. Million)

Item	2002	2003	2004	2005	2006	2007	2008	2009@
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1. Private consumption expenditure	1,166,027	1,309,411	1,483,192	1,692,765	1,988,378	2,403,167	3,085,296	3,103,806
2. General government consumption expenditure	208,085	221,622	264,069	321,037	451,438	546,545	713,788	851,549
3. Gross domestic fixed capital formation	328,406	365,194	473,323	573,263	730,910	884,688	1,115,310	1,147,440
4. Changes in stocks*	40,000	36,122	54,693	84,756	91,330	115,635	99,937	36,214
5. Exports of goods and services	571,195	631,549	738,713	793,153	885,381	1,041,932	1,095,679	1,030,861
6. Less: Imports of goods and services	677,676	741,430	923,149	1,012,192	1,208,757	1,413,278	1,699,328	1,344,785
7. Gross Domestic Product	1,636,037	1,822,468	2,090,841	2,452,782	2,938,680	3,578,688	4,410,682	4,825,085

\* Including statistical discrepancy

@ Provisional

**Table 2. Expenditure on Gross Domestic Product at Constant (2002) Prices**

(Rs. Million)

Item	2002	2003	2004	2005	2006	2007	2008	2009@
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1.Private consumption expenditure	1,166,027	1,262,818	1,303,930	1,325,459	1,412,275	1,467,894	1,578,150	1,602,568
2.General government consumption expenditure	208,085	218,013	238,190	266,792	292,358	314,012	344,725	399,867
3.Gross domestic fixed capital formation	328,406	373,781	440,481	483,699	545,955	595,874	627,477	635,870
4.Changes in stocks*	40,000	42,138	30,742	31,284	38,037	35,008	29,927	30,947
5.Exports of goods and services	571,195	590,366	636,081	678,356	704,408	756,022	758,972	665,575
6.Less: Imports of goods and services	677,676	753,894	821,827	843,919	902,463	936,154	973,711	885,523
7.Gross Domestic Product	1,636,037	1,733,222	1,827,597	1,941,671	2,090,564	2,232,656	2,365,501	2,449,304

\* Including statistical discrepancy

@ Provisional

Table 3. Derivation of Value Added by kind of Activity ISIC Major Division (Current Prices)

ISIC Code	Activities	2002				2007				2008				2009@				(Rs. Million)
		Gross Out-put	Intermediat eConsumpt ion	Value Added	Gross Out-put	Intermediat eConsumpt ion	Value Added	Gross Out-put	Intermediat eConsumpt ion	Value Added	Gross Out-put	Intermediat eConsumpt ion	Value Added	Gross Out-put	Intermediat eConsumpt ion			
(1)		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)					
01	Agriculture, Hunting, Forestry and Fishing	310,740	77,125	233,615	562,589	144,486	418,104	800,917	210,803	590,114	833,418	225,630	607,788					
02	Mining and Quarrying	22,360	2,472	19,888	64,643	7,998	56,645	82,838	11,070	71,768	91,172	11,967	79,204					
03	Manufacturing	508,850	206,485	302,365	1,104,917	442,934	661,983	1,288,647	496,749	791,898	1,408,502	532,940	875,562					
04	Electricity, Gas and Water	48,701	13,093	35,608	109,179	21,174	88,005	134,858	30,192	104,666	142,963	29,845	113,118					
05	Construction	192,806	92,402	100,404	600,236	336,132	264,104	712,727	385,589	327,138	802,445	436,197	366,248					
06	Wholesale and Retail trade, Restaurants and Hotels	492,988	100,196	392,792	894,438	85,443	808,995	1,171,523	201,540	969,983	1,098,568	129,686	968,882					
07	Transport and Communication	329,132	155,387	173,745	697,306	273,486	423,820	1,174,736	643,756	530,980	1,155,300	548,955	606,345					
08	Finance, Insurance, Real Estates and Business Services*	250,083	50,045	200,038	571,758	115,235	456,523	764,965	207,184	557,781	886,983	225,349	661,634					
09	Community, Social and Personal Services*	259,469	84,167	175,303	630,583	234,153	396,430	817,308	356,005	461,303	978,869	436,661	542,208					
	Total, Industries, including industries of general government	2,415,129	781,371	1,633,758	5,235,649	1,661,042	3,574,608	6,948,520	2,542,889	4,405,631	7,398,220	2,577,231	4,820,989					
10	Other producers	2,279	0	2,279	4,080	0	4,080	5,051	0	5,051	4,096	0	4,096					
	Sub Total	2,417,408	781,371	1,636,037	5,239,729	1,661,042	3,578,688	6,953,572	2,542,889	4,410,682	7,402,316	2,577,231	4,825,085					
	Imports duties	27,909	0	27,909	33,938...		33,938	78,295		78,295	83,079		83,079					
	Total	2,417,408	781,371	1,636,037	5,239,729	1,661,042	3,578,688	6,953,572	2,542,889	4,410,682	7,402,316	2,577,231	4,825,085					

\* Item 8,9,10,11 of GDP (Current) Table have been regrouped under item 8,9 in Table 3.

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**Table 4. Cost Components of Value Added - 2002**

(Rs. Million)

	Compensation of Employees*	Gross Operating Surplus**	Indirect Taxes	Less Subsidies	Value Added
(1)	(2)	(3)	(4)	(5)	(6)
Agriculture, Hunting, Forestry and Fishing	90,946	143,539	0	870	233,615
Mining and Quarrying	6,069	13,819	0	0	19,888
Manufacturing	199,167	91,016	15,677	3,495	302,365
Construction	65,465	32,914	2,071	47	100,404
Electricity, Gas and Water	6,606	25,269	3,733	0	35,608
Transport and Communication	60,798	116,857	363	4,273	173,745
Wholesale and Retail					
Trade, Restaurants and Hotels (X)	103,424	182,881	106,487	0	392,792
Banking, Insurance, Real Estate etc.	99,902	29,044	1,519	0	130,465
Ownership of Dwellings	0	68,371	0	0	68,371
Government Services	110,691	0	28,859	456	139,094
Private Services	17,267	3,780	18,644	0	39,691
Gross Domestic Product	760,334	707,492	177,353	9,141	1,636,037

\* Figures were compiled using information obtained from Socio-Economic Survey 1995/1996, Electricity Board, C.G.R., C.T.B., State Accounts and Budgets of Development Corporations such as Mahaweli Development Board, National Housing Authority, Water Resources Board, Urban Development Authority etc.

(X) Includes Import duties.

# Gross operating surplus includes consumption of fixed capital.

**Table 4A. Cost Components of Value Added - 2007**

(Rs. Million)

	Compensation of Employees*	Gross Operating Surplus**	Indirect Taxes	Less Subsidies	Value Added
(1)	(2)	(3)	(4)	(5)	(6)
Agriculture, Hunting, Forestry and Fishing	179,178	250,737	0	11,811	418,104
Mining and Quarrying	31,659	24,986	0	0	56,645
**Manufacturing	398,744	230,710	33,685	1,156	661,983
Construction	189,666	68,052	6,408	22	264,104
Electricity, Gas and Water	66,631	25,887	516	5,030	88,005
**Transport and Communication	287,328	141,128	2,826	7,462	423,820
**Wholesale and Retail Trade, Restaurants and Hotels	142,595	443,400	223,000	0	808,995
Banking, Insurance, Real Estate etc.	234,639	80,566	12,953	0	328,158
Ownership of Dwellings	0	126,212	0	0	126,212
Government Services	334,380	0	105	727	333,758
Private Services	4,505	1,344	63,056	0	68,905
Gross Domestic Product	1,869,325	1,393,022	342,549	26,207	3,578,688

\* Figures were compiled using information obtained from Socio-Economic Survey 1995/1996.

Electricity Board, C.G.R., C.T.B., State Accounts and Budgets of Development Corporations such as Mahaweli Development Board, National Housing Authority, Water Resources Board, Urban Development Authority etc.

\*\* Including imports duty

# Gross operating surplus includes consumption of fixed capital.

**Table 5. Cost Components of Value Added - 2008**

(Rs. Million)

	Compensation of Employees*	Gross Operating Surplus**	Indirect Taxes	Less Subsidies	Value Added
(1)	(2)	(3)	(4)	(5)	(6)
Agriculture, Hunting, Forestry and Fishing	259,831	357,804	0	27,521	590,114
Mining and Quarrying	40,488	31,280	0	0	71,768
**Manufacturing	478,344	269,746	44,881	1,073	791,898
Construction	236,961	82,028	8,178	29	327,138
Electricity, Gas and Water	75,843	28,487	391	56	104,666
**Transport and Communication	363,337	173,424	2,523	8,305	530,980
**Wholesale and Retail Trade, Restaurants and Hotels	179,661	551,793	238,529	0	969,983
Banking, Insurance, Real Estate etc.	296,742	98,183	18,397	0	413,322
Ownership of Dwellings	0	141,794	0	0	141,794
Government Services	391,773	0	68	11,077	380,765
Private Services	7,521	2,154	78,580	0	88,255
Gross Domestic Product	2,330,503	1,736,692	391,547	48,061	4,410,682

\* Figures were compiled using information obtained from Socio-Economic Survey 1995/1996, Electricity Board, C.G.R., C.T.B., State Accounts and Budgets of Development Corporations such as Mahaweli Development Board, National Housing Authority, Water Resources Board, Urban Development Authority etc.

\*\* Including Imports duty.

# Gross operating surplus includes consumption of fixed capital.

**Table 6. Cost Components of Value Added - 2009@**

(Rs. Million)

	Compensation of Employees*	Gross Operating Surplus**	Indirect Taxes	Less Subsidies	Value Added
(1)	(2)	(3)	(4)	(5)	(6)
Agriculture, Hunting, Forestry and Fishing	261,271	374,309	0	27,792	607,788
Mining and Quarrying	43,662	35,542	0	0	79,204
**Manufacturing	507,416	304,694	66,227	2,775	875,562
Construction	260,759	98,473	7,082	66	366,248
Electricity, Gas and Water	79,228	32,306	1,728	144	113,118
**Transport and Communication	403,292	206,426	3,178	6,551	606,345
**Wholesale and Retail Trade, Restaurants and Hotels	184,012	582,673	202,197	0	968,882
Banking, Insurance, Real Estate etc.	352,021	127,427	19,856	0	499,304
Ownership of Dwellings	0	159,449	0	0	159,449
Government Services	471,447	0	13	25,917	445,543
Private Services	26,286	8,317	69,039	0	103,642
Gross Domestic Product	2,589,393	1,929,617	369,320	63,245	4,825,085

\* Figures were compiled using information obtained from Socio-Economic Survey 1995/1996, Electricity Board, C.G.R., C.T.B., State Accounts and Budgets of Development Corporations such as Mahaweli Development Board, National Housing Authority, Water Resources Board, Urban Development Authority etc.

\*\* Including Imports duty.

# Gross operating surplus includes consumption of fixed capital.

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Table 7. Supply and Disposition of Agricultural Sector Commodities at Current Prices - 2007

Commodity Groups	(Rs. Million)														
	Supply of Commodities					Imports		Valuation Adjustment	Total Supply	Disposition of Commodities					
	Inputs	Value Added at Factor	Taxes and Subsidies		Gross Output	C.I.F. Value	Imports Duty			Intermediate Consumption	Household Final Consumption	Change in Stocks	Gross Domestic Fixed Capital Formation	Export F.O.B. Value	Wastage
			Tax	Subsidy											
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1. Tea	8,912	49,283	-	-	58,195	-	-	-	58,195	58,195	-	-	-	-	-
2. Rubbr	3,080	21,553	-	-	24,633	-	-	-	24,633	24,633	-	-	-	-	-
3. Coconut & Toddy	4,487	40,742	-	-	45,229	-	-	8,327	53,556	11,232	34,621	6,109	-	1,148	446
4. Paddy	10,552	55,629	-	10,999	55,182	-	-	-	55,182	43,750	3,543	5,259	-	-	2,630
5. Tobacco	122	582	-	-	704	489	-	223	1,416	1,295	51	69	-	-	-
6. Betel & Arecanut	121	2,158	-	-	2,279	-	-	1,844	4,123	49	4,070	-562	-	549	17
7. Vegetable	57,297	71,882	-	-	129,179	862	-	77,506	207,547	18,369	188,113	-	-	317	747
8. Fruits	147	2,195	-	-	2,342	1,098	-	1,172	4,612	1,279	2,984	48	-	228	73
9. Highland crops	8,040	33,733	-	50	41,723	13,313	-	30,558	85,593	741	79,491	-	-	3,431	1,930
10. Minor Export crops	1,237	11,268	-	134	12,371	-	-	3,203	15,574.5	107	3,203	1,326	-	10,939	-
11. Plantation development	4,183	8,239	-	508	11,914	-	-	-	11,914	-	-	-	11,914	-	-
12. Firewood & forestry	848	26,655	-	-	27,503	-	-	13,463	40,966	20,647	15,125	158	-	5,036	-
13. Livestock	21,233	40,666	-	16	61,883	-	-	11,860	73,742.4	14,915	57,986	782	-	59	-
14. Fisheries	18,367	54,803	-	103	73,067	1,696	-	14,832	89,595	22,920	55,020	-	-	11,655	-
15. Miscellaneous															
Agricultural Products	5,860	10,527	-		16,387			4,097	20,483	9,832	10,651				
Total	144,485	429,914	-	11,810	562,589	17,457	-	167,084	747,131	227,964	454,859	13,189	11,914	33,362	5,843

Notes:

(1) The term of "Valuation on Adjustments" refers to distribution margin.

(2) In 1999 the value added on items 6,7,8,9 and 10 are the same as in table 4. Before 1999, in table 4, the export of items 6,7,8,9 are taken Minor Export Crops, which are included in the relevant sectors in 1999.

(3) Plantation development (1 D) refers to new planting and re-planting of Tea, Rubber and Coconut by the private sector. Contribution by the government sector is included under construction in the main GDP table.

(4) Miscellaneous agricultural products (15) covers those commodities that are not estimated due to lack of data and is taken as 1.5% of items 1-14.

(5) Above data based on Ad-hoc inquiries, surveys and censuses etc.

(6) Value added refers to factor cost. Hence, differs from value added at producer prices.

Table 8. Supply and Disposition of Agricultural Sector Commodities at Current Prices - 2008

(Rs. Million)

Commodity Groups	Supply of Commodities				Imports		Valuation Adjustment		Total Supply and Disposition	Disposition of Commodities					
	Inputs	Value Added at Factor	Taxes and Subsidies		Gross Output	C.I.F. Value	Imports Duty	(10)		(11)	Household Final Consumption	Change in Stocks	Gross Domestic Fixed Capital Formation	Export F.O.B. Value	Wastage
			Tax	Subsidy											
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1.Tea	7,875	57,500	-	-	65,375	-	-	-	65,375	65,375	-	-	-	-	-
2.Rubbr	4,007	28,029	-	-	32,036	-	-	-	32,036	32,036	-	-	-	-	-
3.Cocount & Toddy	7,928	65,251	-	-	73,179	-	-	9,489	82,668	14,539	53,196	13,674	-	461	798
4.Paddy	18,468	126,463	-	26,450	118,481	-	-	-	118,481	92,840	7,937	11,802	-	-	5,901
5.Tobbaco	85	387	-	-	472	525	-	217	1,214	1,081	63	68	-	2	-
6.Betel & Arecanut	157	2,989	-	-	3,146	-	-	1,404	4,550	317	3,087	8	-	1,088	51
7.Vegetable	79,932	102,048	-	-	181,980	756	-	47,901	230,637	20,683	209,009	-	-	113	832
8.Fruits	192	2,872	-	-	3,064	1,075	-	1,258	5,397	1,394	3,604	20	-	278	101
9.Highlandcrops	9,031	47,513	-	50	56,494	13,912	-	45,897	116,303	3,082	108,410	-	-	2,794	2,017
10.Minor Export crops	1,609	14,596	-	119	16,086	-	-	4,240	20,326	-	4,240	1,755	-	14,331	-
11. Plantation development	3,186	10,456	-	899	12,743	-	-	-	12,743	-	-	12,743	-	-	-
12.Firewood & forestry	947	31,022	-	-	31,969	-	-	4,266	36,235	19,311	16,627	191	-	106	-
13.Livestock	48,789	45,721	-	-	94,510	-	-	33,339	127,849	26,578	100,329	760	-	-	182
14.Fisheries	22,459	67,937	-	3	90,393	1,815	-	13,097	105,305	29,123	61,482	-	-	14,700	-
15.Miscellaneous															
Agricultural Products	6,139	14,851	-	-	20,990	-	-	5,247	26,237	12,594	13,643	-	-	-	-
Total	210,804	617,635	-	27,521	800,917	18,083	-	166,356	985,357	318,953	581,629	28,278	12,743	33,873	9,882

Notes :

(1) The term of "Valuation on Adjustments" refers to distribution margin.

(2) In 1999 the value added an items 6,7,8,9 and 10 are the same as in table 4. Before 1999, in table 4, the export of items 6,7,8,9 are taken Minor Export Crops, which are included in the relevant sectors in 1999.

(3) Plantation development (11) refers to new planting and re-planting of Tea, Rubber and Coconut by the private sector. Contribution by the government sector is included under construction in the main GDP table.

(4) Miscellaneous agricultural products (15) covers those commodities that are not estimated due to lack of data and is taken as 1.5% of items 1-14.

(5) Above data based on Ad-hoc inquiries, surveys and censuses etc.

(6) Value added refers to factor cost. Hence, differs from value added at producer prices.



## 9. Supply and Disposition of Agricultural Sector Commodities at Current Prices - 2009

(Rs. Million)

Commodity Groups	Supply of Commodities					Imports		Valuation Adjustment	Total Supply and Disposition	Disposition of Commodities					
	Inputs	Value Added at Factor	Taxes and Subsidies		Gross Output	C.I.F. Value	Imports Duty			Intermediate Consumption	Household Final Consumption	Change in Stocks	Gross Domestic Fixed Capital Formation	Export F.O.B. Value	Wastage
			Tax	Subsidy											
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1. Tea	7,795	64,156	-	-	71,951	-	-	-	71,951	71,951	-	-	-	-	-
2. Rubbr	5,070	19,278	-	-	24,348	-	-	-	24,348	24,348	-	-	-	-	-
3. Coconut & Toddy	9,883	49,983	-	-	59,866	-	-	12,181	72,047	21,268	49,378	313	-	932	156
4. Paddy	19,650	127,319	-	26,935	120,034	-	-	-	120,034	99,478	8,626	11,929	-	-	-
5. Tobacco	147	773	-	-	920	546	-	229	1,695	1,595	-	80	-	20	-
6. Betel & Arecanut	159	3,024	-	-	3,183	-	-	2,091	5,274	29	4,641	-241	-	845	-
7. Vegetable	80,852	107,384	-	-	188,236	1,175	-	101,097	290,508	26,098	263,302	-	-	62	1,046
8. Fruits	206	3,253	-	-	3,459	1,446	-	1,317	6,222	1,386	4,616	66	-	54	99
9. Highlandcrops	6,917	52,185	-	50	59,052	3,589	-	41,252	103,894	5,474	96,045	-	-	1,855	520
10. Minor Export crops	1,454	13,263	-	177	14,540	-	-	3,765	18,305	-	3,765	1,558	-	12,982	-
11. Plantation development	3,723	11,782	-	613	14,892	-	-	-	14,892	-	-	-	14,892	-	-
12. Firewood & forestry	1,577	35,861	-	-	37,438	-	-	5,166	42,604	23,813	18,518	145	-	128	-
13. Livestock	55,929	52,412	-	-	108,341	-	-	28,700	137,041	19,913	117,128	-	-	-	-
14. Fisheries	26,713	79,571	-	17	106,267	1,815	-	4,751	112,833	34,412	62,585	-	-	15,836	-
15. Miscellaneous					-										
Agricultural Products	5,556	15,336	-	-	20,892	-	-	5,223	26,115	12,535	13,580	-	-	-	-
Total	225,630	635,580	-	27,792	833,418	8,571	-	205,772	1,047,761	342,299	642,184	13,850	14,892	32,715	1,822

Notes:

(1) The term of "Valuation on Adjustments" refers to distribution margin.

(2) In 1999 the value added in items 6,7,8,9 and 10 are the same as in table 4. Before 1999, in table 4, the export of items 6,7,8,9 are taken Minor Export Crops, which are included in the relevant sectors in 1999.

(3) Plantation development (11) refers to new planting and re-planting of Tea, Rubber and Coconut by the private sector. Contribution by the government sector is included under construction in the main GDP table.

(4) Miscellaneous agricultural products (15) covers those commodities that are not estimated due to lack of data and is taken as 1.5% of items 1-14.

(5) Above data based on Ad-hoc inquiries, surveys and censuses etc.

(6) Value added refers to factor cost. Hence, differs from value added at producer prices.

**Table 10. Gross Domestic Product (Value Added) in Manufacturing Classified by Product Groups at Current Prices**

(Rs. Million)

Product Group	2002	2007	2008	2009@
(1)	(2)	(3)	(4)	(5)
1. Manufacture of Food, Beverages and Tobacco	140,188	312,573	386,060	440,546
2. Textile, Wearing apparel and Leather Industries	76,154	136,845	152,961	161,844
3. Manufacture of Wood and Wood Products including Furniture	2,434	3,424	3,256	4,460
4. Manufacture of Paper and Paper Products Printing and Publishing	1,101	4,982	5,900	6,679
5. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products	39,660	115,099	138,589	146,576
6. Manufacture of Non-Metallic Mineral Products, except products of Petroleum and Coal	12,359	29,492	34,441	35,704
7. Basic Metal Industries	610	1,521	1,638	1,759
8. Manufacture of Fabricated Metal Products, Machinery and Equipment	23,709	47,960	55,199	62,028
9. Other Manufacturing Industries	6,151	10,087	13,855	15,966
<b>Value Added at Producer Prices</b>	<b>302,365</b>	<b>661,983</b>	<b>791,898</b>	<b>875,562</b>

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**Table 11. Gross Domestic Product (Value Added) in Manufacturing Classified by Product Groups at Constant (2002) Prices**

(Rs. Million)

Product Group	2002	2007	2008	2009@
(1)	(2)	(3)	(4)	(5)
1. Manufacture of Food, Beverages and Tobacco	140,188	185,952	196,475	207,306
2. Textile, Wearing apparel and Leather Industries	76,154	90,042	92,609	93,333
3. Manufacture of Wood and Wood Products including Furniture	2,434	3,423	2,948	3,048
4. Manufacture of Paper and Paper Products Printing and Publishing	1,101	1,614	1,670	1,750
5. Manufacture of Chemicals, Petroleum, Coal, Rubber and Plastic Products	39,660	56,144	59,738	60,811
6. Manufacture of Non-Metallic Mineral Products, except products of Petroleum and Coal	12,359	18,767	19,708	19,341
7. Basic Metal Industries	610	930	958	969
8. Manufacture of Fabricated Metal Products, Machinery and Equipment	23,709	30,022	31,713	32,806
9. Other Manufacturing Industries	6,150	7,340	7,862	7,971
<b>Value Added at Producer Prices</b>	<b>302,364</b>	<b>394,233</b>	<b>413,681</b>	<b>427,334</b>

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Table 12. Foreign Aid Plenged under Industrial Categories

Activities	2004						2005						2006						(Rs. Million)	
	Loans			Grants			Loans			Grants			Loans			Grants				
	value (2)	% (3)	value (4)	% (5)	value (6)	% (7)	value (8)	% (9)	value (10)	% (11)	value (12)	% (13)	value (14)	% (15)						
(1)																				
1.Agriculture, Hunting, Forestry and Fishing	4,293.7	6.4	1,203.7	23.1	3,462.1	4.6	1,443.0	5.3	3,332.5	3.0	1,558.5	4.7								
2.Mining and Quarrying	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0								
3.Manufacturing	44.5	0.1	7.8	0.1	0.0	0.0	279.1	1.0	0.0	0.0	28.1	0.1								
4.Electricity, Gas, Water and Sanitary Services	13,183.9	19.6	820.5	15.7	14,899.4	19.6	2,970.7	10.8	16,496.0	14.8	1,303.3	4.0								
5.Construction	11,111.0	16.6	134.7	2.6	16,671.4	22.0	13,480.3	49.2	30,133.4	27.0	11,231.8	34.2								
6.Wholesale and Retail Trade, Restaurants and Hotels	0.0	0.0	1.8	0.0	0.0	0.0	771.0	2.8	0.0	0.0	483.2	1.5								
7.Transport and Communication	5,327.6	7.9	44.4	0.9	1,400.9	1.8	925.6	3.4	2,674.3	2.4	31.9	0.1								
8.Finance, Insurance, Real Estates and Business Services	6,805.5	10.1	121.0	2.3	8,412.5	11.1	356.9	1.3	40,651.4	36.4	1,809.8	5.5								
9.Community, Social and Personal Services	26,236.8	39.1	2,551.9	48.9	20,613.5	27.2	5,888.9	21.5	14,510.5	13.0	16,023.7	48.7								
10.Private Services	116.9	0.2	331.2	6.3	10,427.9	13.7	1,290.3	4.7	3,952.7	3.5	408.2	1.2								
TOTAL	67,119.9	100.0	5,217.0	100.0	75,887.7	100.0	27,405.9	100.0	111,750.8	100.0	32,878.6	100.0								

Note: All Foreign loans and grants received are classified broadly in accordance with the International Standard Industrial Classification (ISIC). There may be some limitations in data as the lack of data sources. Project loans and commodity loans such as industrial raw materials, inputs, and fertilizers for food production are included.

Data related to Loans and Grants for food aid, debt relief, imports and exports, and balance of payments support are excluded. The table has not been updated after 2006 due to unavoidable circumstances. Action will be taken soon to update the table.

Source: External Resources Department

**Table 13. Distribution of Gross National Income**

ITEM	2002	2007	2008	2009@
(1)	(2)	(3)	(4)	(5)
01. Compensation of employees	760,334	1,869,325	2,330,503	2,589,393
(a) General government	110,691	334,380	381,299	471,447
(b) Private sector	649,643	1,534,945	1,949,204	2,117,946
02. Income from un-incorporated enterprises*	530,523	1,006,273	1,228,607	1,378,712
03. Income from property	91,470	176,831	202,796	272,816
(a) Rent	77,255	140,310	157,428	229,945
(b) Interest and dividends	14,215	36,521	45,368	42,871
04. Saving of corporations	30,774	118,135	142,156	157,147
05. Direct taxes on corporations	14,474	40,630	45,939	49,542
06. General government income	16,197	12,098	12,166	15,587
07. Gross National Income at factor cost	1,443,772	3,223,292	3,962,166	4,463,196
08. Add: Net indirect taxes	168,212	316,342	343,485	306,075
09. Gross National Income at Current Market Prices	1,611,984	3,539,634	4,305,651	4,769,271

\* Obtained as a residual.

@ Provisional.

Table 14. Private Consumption Expenditure by Object at Current Prices

Object of Expenditure	2002			2007			2008			2009*		
	Value	% Share		Value	% Share	% change	Value	% Share		Value	% Share	% change
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1. Food, Beverages and Tobacco	557,445	47.8	984,152	41.0	20.0	1,166,112	37.8	18.5	1,186,103	38.2	1.7	
2. Clothing and Footwear	100,541	8.6	154,534	6.4	2.0	176,419	5.7	14.2	173,795	5.6	-1.5	
3. Housing, Water, Electricity, Gas and Other fuels	125,275	10.7	266,147	11.1	30.7	392,249	12.7	47.4	372,418	12.0	-5.1	
4. Furnishings, Household equipment and Routine maintenance of the house	34,753	3.0	147,964	6.2	12.9	177,537	5.8	20.0	183,105	5.9	3.1	
5. Health	17,527	1.5	40,248	1.7	32.4	56,687	1.8	40.8	68,277	2.2	20.4	
6. Transport	170,084	14.6	460,555	19.2	22.6	671,890	21.8	45.9	654,835	21.1	-2.5	
7. Leisure, Entertainment and Culture	31,669	2.7	85,349	3.6	43.6	110,417	3.6	29.4	90,001	2.9	-18.5	
8. Education	1,672	0.1	2,484	0.1	12.4	2,836	0.1	14.2	3,103	0.1	9.4	
9. Hotels, Cafes and Restaurants	20,682	1.8	38,630	1.6	7.9	45,528	1.5	17.9	46,553	1.5	2.3	
10. Miscellaneous goods and services	40,096	3.4	100,731	4.2	33.5	149,835	4.9	48.7	170,691	5.5	13.9	
11. Expenditure abroad of residents	115,523	9.9	214,395	8.9	17.2	236,946	7.7	10.5	250,977	8.1	5.9	
12 Less: Expenditure of non - residents	49,239	4.2	92,021	3.8	14.9	101,160	3.3	9.9	96,053	3.1	-5.0	
13. Total Private Consumption Expenditure	1,166,027	100	2,403,167	100	20.9	3,085,296	_ 100	28.4	3,103,806	100	0.6	
@ Provisional												

(Rs. Million)

Table 15. Private Consumption Expenditure by Object at Current Prices

Object of Expenditure	2002			2007			2008			2009*		
	Value (2)	%Share (3)	Value (4)	Value (5)	%Share (6)	%change (7)	Value (8)	%Share (9)	%change (10)	Value (11)	%Share (12)	%change (13)
1. Food, Beverages and Tobacco	557,445	47.8	604,354	41.2	3.0	623,865	39.5	3.2	635,796	39.7	1.9	
2. Clothing and Footwear	100,541	8.6	140,804	9.6	3.3	147,111	9.3	4.5	145,834	9.1	-0.9	
3. Housing, Water, Electricity, Gas and Other fuels	125,275	10.7	136,114	9.3	7.1	151,359	9.6	11.2	145,834	9.1	-3.7	
4. Furnishings, Household equipment and Routine maintenance of the house	34,753	3.0	113,882	7.8	6.1	118,431	7.5	4.0	112,180	7.0	-5.3	
5. Health	17,527	1.5	28,797	2.0	9.7	38,692	2.5	34.4	46,474	2.9	20.1	
6. Transport	170,084	14.6	242,406	16.5	0.2	255,005	16.2	5.2	270,834	16.9	6.2	
7. Leisure, Entertainment and Culture	31,669	2.7	50,729	3.5	16.1	59,406	3.8	17.1	54,487	3.4	-8.3	
8. Education	1,672	0.1	1,850	0.1	7.8	1,998	0.1	8.0	2,026	0.1	1.4	
9. Hotels, Cafes and Restaurants	20,682	1.8	12,134	0.8	2.7	12,571	0.8	3.6	12,821	0.8	2.0	
10. Miscellaneous goods and services	40,096	3.4	59,495	4.1	6.4	82,168	5.2	38.1	89,744	5.6	9.2	
11. Expenditure abroad of residents	115,523	9.9	133,749	9.1	2.8	144,133	9.1	7.8	142,629	8.9	-1.0	
12. Less: Expenditure of non - residents	49,239	4.2	56,420	3.8	-0.8	56,589	3.6	0.3	56,090	3.5	-0.9	
13. Total Private Consumption Expenditure	1,166,027	100	1,467,894	100	3.9	1,578,150	100	7.5	1,602,568	100	1.5	

@ Provisional

**Table 16. Summary - Expenditure on Gorss Domestic Product - under 155 Basic Headings of International Comparision Programme (ICP) - 2007-2009**

ICP Code	Description	Value (Rs. Mn.)		Basic Headings
		2008	2009	
(1)	(2)	(3)	(4)	(5)
11	Individual Consumption Expenditure	3,085,296	3,103,806	110
12	Non Profit Institutions Serving Hose-holds(NPISH)	0	0	1
(13+14)	Total Consumption Expenditure By Government	713,788	851,549	26
13	Individual Consumption Expenditure	370,572	0	21
14	Collective Consumption Expenditure	343,216	851,549	5
15	Gross Fixed Capital Formation	1,115,310	1,147,440	12
16	Change in Inventories and Acquisitions	99,937	36,214	4
17	Balance of Exports & Imports	(603,649)	(313,924)	2
17.1	Exports of Goods & Services	1,095,679	1,030,861	1
17.2	Less Imports of Goods & Services	1,699,328	1,344,785	1
	Gross Domestic product	4,410,682	4,825,085	155

**Table 17. Expenditure on Gross Domestic Product - under 155 Basic Heandings of International Comparision Programme (ICP) - 2008-2009 Individual Consumption Expenditure By Households**

ICP Code	Description	2008 Value Rs.	2009@ Value	Basic Headings
		Mn.	Rs. Mn.	
(1)	(2)	(3)	(4)	(5)
11.00.00.0	Final Consumption Expenditure By Households	3,085,296	3,103,806	110
11.01.00.0	FOOD & NON ALCOHOLIC BEVERAGES	1,112,965	1,142,201	29
11.01.10.0	Food	1,060,710	1,064,605	27
11.01.11.0	Bread & Cereals	339,831	332,106	5
11.01.11.1	Rice	183,754	183,124	1
11.01.11.2	Other cereals,flour & Other Products	117,542	111,737	1
11.01.11.3	Bread	37,627	36,377	1
11.01.11.4	Other bakery products	635	578	1
11.01.11.5	Pasta Products	273	290	1
11.01.12.0	Meat	32,463	27,934	5
11.01.12.1	Beef & Veal	10,842	9,154	1
11.01.12.2	Pork	1,540	1,358	1
11.01.12.3	Lamb, mutton and goat	4,240	3,474	1
11.01.12.4	Poultry	15,350	13,597	1
11.01.12.5	Other Meats & meat preparations	491	351	1
11.01.13.0	Fish	157,220	161,398	2
11.01.13.1	Fresh, chilled or frozen fish and sea food	95,119	99,485	1
11.01.13.2	preserved or processed fish & sea food	62,101	61,913	1

(Contd.)

Table 17. (Contd.)

ICP Code	Description	2008 Value Rs. Mn.	2009@ Value Rs. Mn.	Basic Headings
(1)	(2)	(3)	(4)	(5)
11.01.14.0	Milk, Cheese & Eggs	119,635	111,737	4
11.01.14.1	Fresh milk	74,523	77,596	1
11.01.14.2	Preserved milk & Other milk products	10,564	6,208	1
11.01.14.3	Cheese	3,094	3,590	1
11.01.14.4	Eggs and egg based products	31,454	24,343	1
11.01.15.0	Oils & Facts	14,856	12,415	2
11.01.15.1	Butter & Margarine	2,315	2,895	1
11.01.15.3	Other edible oils & facts	12,541	9,520	1
11.01.16.0	Fruit	53,185	55,869	2
11.01.16.1	Fresh or chilled fruit	10,542	12,956	1
11.01.16.2	Frozen , Preserved or processed fruit and fruit based products	42,643	42,913	1
11.01.17.0	Vegetables	263,452	291,758	3
11.01.17.1	Fresh or chilled vegetables other than Potatoes	231,037	248,564	1
11.01.17.2	Fresh or chilled Potatoes	15,350	19,524	1
11.01.17.3	Frozen, preseved or processed vegetables and vegetable - based poducts	17,065	23,670	1
11.01.18.0	Suger,Jam,Honey, Chocolate and confectionery	19,093	18,623	3
11.01.18.1	Suger	17,512	16,762	1
11.01.18.2	Jruns,marmalades and honey	916	1,024	1
11.01.18.3	Confectionery,chocolate and ice cream	665	837	1
11.01.19.0	Food products n.e.c.	60,975	52,765	1
11.01.19.1	Food products n.e.c.	60,975	52,765	1
11.01.20.0	Non - alcoholic beverages	52,255	77,596	2
11.01.21.0	Coffe,rea and cocoa	40,450	61,623	1
11.01.21.1	Coffe,tea and cocoa	40,450	61,623	1
11.01.22.0	Mineral Water, Soft drinks,fruit and vegetable juices	11,805	15,973	1
11.01.22.1	Mineral Water, Soft drinks,fruit and vegetable juices	11,805	15,973	1
11.02.00.0	ALCOHOLIC BEVERAGES, TOBACCO AND NAR-COTICS	50,950	43,902	5
11.02.10.0	Alcoholic Beverages	4,774	7,359	3
11.02.11.0	Spirits	3,598	5,024	1
11.02.11.1	Spirits	3,598	5,024	1
11.02.12.0	Wine	942	1,470	1
11.02.12.1	Wine	942	1,470	1
11.02.13.0	Beer	234	865	1
11.02.13.1	Beer	234	865	1
11.02.20.0	Tobacco	40,230	31,121	1
11.02.21.0	Tobacco	40,230	31,121	1

(Contd.)



Table 17. (Contd.)

ICP Code	Description	2008 Value Rs. Mn.	2009@ Value Rs. Mn.	Basic Headings
(1)	(2)	(3)	(4)	(5)
11.02.21.1	Tobacco	40,230	31,121	1
11.02.30.0	Narcotics	5,946	5,422	1
11.02.31.0	Narcotics	5,946	5,422	1
11.02.31.1	Narcotics	5,946	5,422	1
11.03.00.0	CLOTHING AND FOOTWEAR	175,786	173,795	5
11.03.10.0	Clothing	174,347	172,550	3
11.03.11.0	Clothing materials , other articals of clothing and cloth- ing accessories	135,240	136,567	1
11.03.11.1	Clothing materials , other articals of clothing and cloth- ing accessories	135,240	136,567	1
11.03.12.0	Garments	32,322	28,121	1
11.03.12.1	Garments	32,322	28,121	1
11.03.14.0	Cleaning, repair and hire of clothing	6,785	7,862	1
11.03.14.1	Cleaning, repair and hire of clothing	6,785	7,862	1
11.03.20.0	Footwear	1,439	1,245	
11.03.21.0	Shoes & Other Footwear	1,376	1,169	1
11.03.21.1	Shoes & Other Footwear	1,376	1,169	1
11.03.22.0	Repair and hire of Footwear	63	76	1
11.03.22.1	Repair and hire of Footwear	63	76	1
11.04.00.0	HOUSING, WATER,ELLECTRICITY,GAS AND OTHER FUELS	394,819	372,418	7
11.04.10.0	Actual and imputed rentals for housing	199,297	175,421	1
11.04.11.0	Actual and imputed rentals for housing	199,297	175,421	1
11.04.11.1	Actual and imputed rentals for housing	199,297	175,421	1
11.04.30.0	Maintenance and repair of the dwelling	26,402	28,678	1
11.04.31.0	Maintenance and repair of the dwelling	26,402	28,678	1
11.04.31.0	Maintenance and repair of the dwelling	26,402	28,678	1
11.04.40.0	Water supplyand miscellaneous services relating to the dwelling	6,156	3,575	2
11.04.41.0	Water supply	5,908	3,321	1
11.04.41.1	Water supply	5,908	3,321	1
11.04.42.0	Miscellaneous services relating to the dwelling	248	254	1
11.04.42.1	Miscellaneous services relating to the dwelling	248	254	1
11.04.50.0	Electricity,gas and other fuels	162,964	164,744	3
11.04.51.0	Electricity	41,054	44,598	1
11.04.51.1	Electricity	41,054	44,598	1
11.04.52.0	Gas	17,983	19,521	1
11.04.52.1	Gas	17,983	19,521	1
11.04.53.0	Other fuels	103,927	100,625	1

(Contd.)

Table 17. (Contd.)

ICP Code	Description	2008 Value Rs. Mn.	2009@ Value Rs. Mn.	Basic Headings
(1)	(2)	(3)	(4)	(5)
11.04.53.1	Other fuels	103,927	100,625	1
11.05.00.0	FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTIN MAINTANANCE OF THE HOUSE	178,824	183,105	13
11.05.10.0	Furniture and furnishings, carpets and other floor cov- erings	88,977	89,234	3
11.05.11.0	Furniture and furnishings	24,923	25,634	1
11.05.11.1	Furniture and furnishings	24,923	25,634	1
11.05.12.0	carpets and other floor coverings	57,827	56,852	1
11.05.12.1	carpets and other floor coverings	57,827	56,852	1
11.05.13.0	Repair of fumiture,furnishings and floor coverings	6,227	6,748	1
11.05.13.1	Repair of fumiture,fumishings and floor coverings	6,227	6,748	1
11.05.20.0	Household textiles	1,533	1,462	1
11.05.21.0	Household textiles	1,533	1,462	1
11.05.21.1	Household textiles	1,533	1,462	1
11.05.30.0	Household appliances	8,017	8,354	3
11.05.31.0	Major household appliances whether electric or not	6,100	6,309	1
11.05.31.1	Major household appliances whether electric or not	6,100	6,309	1
11.05.32.0	Small electric household appliances	1,917	2,045	1
11.05.32.1	Small electric household appliances	1,917	2,045	1
11.05.33.0	Repair of household appliances			1
11.05.33.1	Repair of household appliances			1
11.05.40.0	Glassware, tableware and household utencils	6,190	7,532	1
11.05.41.0	Glassware, tableware and household utencils	6,190	7,532	1
11.05.41.1	Glassware, tableware and household utencils	6,190	7,532	1
11.05.50.0	Tools and equipment for house and garden	24,761	25,647	2
11.05.51.0	Major tools and equipment	18,661	17,447	1
11.05.51.1	Major tools and equipment	18,661	17,447	1
11.05.52.0	Small tools and miscellaneous accessories	6,100	8,200	1
11.05.52.1	Small tools and miscellaneous accessories	6,100	8,200	1
11.05.60.0	Goods and services for routine household maintenance	49,346	50,876	3
11.05.61.0	Non - durable household goods	36,023	37,246	1
11.05.61.1	Non - durable household goods	36,023	37,246	1
11.05.62.0	Domestic services and household services	13,323	13,630	2
11.05.62.1	Domestic services	5,670	5,964	1
11.05.62.2	Household services	7,653	7,666	1
11.06.00.0	HEALTH	56,473	68,277	7
11.06.10.0	Medical products, appliances and equipment	46,025	56,321	3
11.06.11.0	Pluernacetical products	44,225	53,297	1

(Contd.)

Table 17. (Contd.)

ICP Code	Description	2008 Value Rs. Mn.	2009@ Value Rs. Mn.	Basic Headings
(1)	(2)	(3)	(4)	(5)
11.06.11.1	Pharmaceutical products	44,225	53,297	1
11.06.12.0	Other medical products	1,450	2,635	1
11.06.12.1	Other medical products	1,450	2,635	1
11.06.13.0	Therapeutics' appliances and equipment	350	389	1
11.06.13.1	Therapeutic appliances and equipment	350	389	
11.06.20.0	Out -Patient Services	8,753	10,054	3
11.06.21.0	Medical Services	4,350	5,294	1
11.06.21.1	Medical Services	4,350	5,294	1
11.06.22.0	Dental Services	2,600	3,265	1
11.06.22.1	Services of Dentists	2,600	3,265	1
11.06.23.0	Paramedical Services	1,803	1,495	1
11.06.23.1	Paramedical Services	1,803	1,495	1
11.06.30.0	Hospital Services	1,695	1,902	1
11.06.31.0	Hospital Services	1,695	1,902	1
11.06.31.1	Hospital Services	1,695	1,902	1
11.07.00.0	TRANSPORT	669,357	654,836	13
11.07.10.0	Purchase Of Vehicles	60,245	62,076	4
11.07.11.0	Motor cars	18,170	22,564	1
11.07.11.1	Motor cars	18,170	22,564	1
11.07.12.0	Motor Cycles	24,500	25,542	1
11.07.12.1	Motor Cycles	24,500	25,542	1
11.07.13.0	Bicycles	75	100	I
11.07.13.1	Bicycles	75	100	1
11.07.14.0	Animal Drawn Vehicles	17,500	13,870	1
11.07.14.1	Animal Drawn Vehicles	17,500	13,870	1
11.07.20.0	Operation Of Personal Transport Equipment	133,557	130,587	3
11.07.22.0	Fuels and Lubricants For Personal Transport Equipment	132,355	128,900	1
11.07.22.1	Fuels and Lubricants For Personal Transport Equipment	132,355	128,900	1
11.07.23.0	Maintenance and Repair of Personal Transport Equipment	1,202	1,687	1
11.07.23.1	Maintenance and Repair of Personal Transport Equipment	1,202	1,687	1
11.07.24.0	Other Services In Respect of Personal Transport Equipment			1
11.07.24.1	Other Services In Respect of Personal Transport Equipment			1
11.07.30.0	Transport Services	475,555	462,173	6
11.07.31.0	Passenger Transport By Railway	8,560	9,426	1
11.07.31.1	Passenger Transport By Railway	8,560	9,426	1
11.07.32.0	Passenger Transport By Road	275,822	268,954	1
11.07.32.1	Passenger Transport By Road	275,822	268,954	1

(Contd.)

Table 17. (Contd.)

ICP Code	Description	2008 Value Rs. Mn.	2009@ Value Rs. Mn.	Basic Headings
(1)	(2)	(3)	(4)	(5)
11.07.33.0	Passenger Transport By Air	85,600	82,645	I
11.07.33.1	Passenger Transport By Air	85,600	82,645	1
11.07.34.0	Passenger Transport By Sea And Inland Waterway	715	725	1
11.07.34.1	Passenger Transport By Sea And Inland Waterway	715	725	1
11.07.35.0	Combined Passenger Transport			
11.07.35.1	Combined Passenger Transport			1
11.07.36.0	Other Purchased Transport Services	104,858	100,423	1
11.07.36.1	Other Purchased Transport Services	104,858	100,423	1
11.08.00.0	COMMUNICATION	73,019	78,653	3
11.08.10.0	Postal Services	4,979	4,007	1
11.08.11.0	Postal Services	4,979	4,007	1
11.08.11.1	Postal Services	4,979	4,007	1
11.08.20.0	Telephoe And Telefax Equipment	37,582	40,229	1
11.08.21.0	Telephoe And Telefax Equipment	37,582	40,229	1
11.08.21.1	Telephoe And Telefax Equipment	37,582	40,229	1
11.08.30.0	Telephoe And Telefax Services	30,458	34,417	1
11.08.31.0	Telephoe And Telefax Services	30,458	34,417	1
11.08.31.1	Telephoe And Telefax Services	30,458	34,417	1
11.09.00.0	RECREATION AND CULTURE	110,000	90,001	13
11.09.10.0	Audio-Visual Photographic And Information Processing Equipment	63,250	53,812	3
11.09.11.0	Audio-Visual Photographic And Information Processing Equipment	37,634	32,564	1
11.09.11.1	Audio-Visual Photographic And Information Processing Equipment	37,634	32,564	1
11.09.14.0	Recording Media	25,300	20,828	1
11.09.14.1	Recording Media	25,300	20,828	1
11.09.15.0	Repair Audio-Visual ,Photographic And Information Processing Equipment	316	420	1
11.09.15.1	Repair Audio-Visual ,Photographic And Information Processing Equipment	316	420	1
11.09.20.0	Other Major Durables for Recreation and Culture	1,650	1,752	2
11.09.21.0	Major Durables for Outdoor and Indoor Recreation	1,650	1,752	1
11.09.21.1	Major Durables for Outdoor and Indoor Recreation	1,650	1,752	1
11.09.23.0	Maintenance and Repair of Other Major Durables for Recreation and Culture			1
11.09.23.1	Maintenance and Repair of Other Major Durables for Recreation and Culture			1
11.09.30.0	Other Recreational Items and Equipment, Gardens and Pets	9,350	8,431	3

(Contd.)

Table 17. (Contd.)

ICP Code	Description	2008 Value Rs. Mn.	2009@ Value Rs. Mn.	Basic Headings
(1)	(2)	(3)	(4)	(5)
11.09.31.0	Other Recreational Items and Equipment	6,265	5,243	1
11.09.31.1	Other Recreational Items and Equipment	6,265	5,243	1
11.09.33.0	Gardens and Pets	3,003	3,100	1
11.09.33.1	Gardens and Pets	3,003	3,100	1
11.09.35.0	Veterinary and Other Services for Pet	82	88	1
11.09.35.1	Veterinary and Other Services for Pet	82	88	1
11.09.40.0	Recreational Cultural Services	18,700	13,652	3
11.09.41.0	Recreational Sporting Services	9,724	7,254	1
11.09.41.1	Recreational Sporting Services	9,724	7,254	1
11.09.42.0	Cultural Services	6,919	5,142	1
11.09.42.1	Cultural Services	6,919	5,142	1
11.09.43.0	Games of Chance	2,057	1,256	1
11.09.43.1	Games of Chance	2,057	1,256	1
11.09.50.0	Newspapers, Books and Statioery	17,050	12,354	1
11.09.51.0	Newspapers, Books and Statioery	17,050	12,354	1
11.09.51.0	Newspapers, Books and Statioery	17,050	12,354	1
11.09.60.0	Package Holidays			1
11.09.61.1	Package Holidays			1
11.09.61.2	Package Holidays			1
11.10.00.0	EDUCATION	2,825	3,103	1
11.10.10.1	Education	2,825	3,103	1
11.10.11.0	Education	2,825	3,103	1
11.10.11.1	Education	2,825	3,103	1
11.11.00.0	RESTAURANTS AND HOTELS	45,359	46,553	2
11.11.10.0	Catering Services	17,238	17,864	1
11.11.11.0	Catering Services	17,238	17,864	1
11.11.11.1	Catering Services	17,238	17,864	1
11.11.20.0	Accommodation Services	28,121	28,689	1
11.11.21.0	Accommodation Services	28,121	28,689	1
11.11.21.1	Accommodation Services	28,121	28,689	1
11.12.00.0	MISCELLAEIOUS GOODS AND SERVICES	79,133	92,038	10
11.12.10.0	Personal Care	11,873	13,564	2
11.12.11.0	Hairdressing Salons and Personal Grooming Establish- ments	5,108	6,256	1
11.12.11.1	Hairdressing Salons and Personal Grooming Establish- ments	5,108	6,256	1
11.12.12.0	Appliances, Articles and Products for Persoal Care	6,765	7,308	1
11.12.12.1	Appliances, Articles and Products for Persoal Care	6,765	7,308	1

(Contd.)

Table 17. (Contd.)

ICP Code	Description	2008 Value Rs. Mn.	2009@ Value Rs. Mn.	Basic Headings
(1)	(2)	(3)	(4)	(5)
11.12.20.0	Prostitution			1
11.12.21.0	Prostitution			1
11.12.21.1	Prostitution			I
11.12.30.0	Personal Effects n.e.c.	36,359	40,264	2
11.12.31.0	Jewellery, Clocks and Watches	35,509	39,332	I
11.12.31.1	Jewellery, Clocks and Watches	35,509	39,332	1
11.12.32.0	Other Personal Effects	850	932	1
11.12.32.1	Other Personal Effects	850	932	1
11.12.40.0	Social Protection	7,121	8,354	1
11.12.41.0	Social Protection	7,121	8,354	1
11.12.41.1	Social Protection	7,121	8,354	I
11.12.50.0	Insurance			1
11.12.51.0	Insurance			1
11.12.51.1	Insurance			1
11.12.60.0	Financial Services n.e.c	5,583	7,685	2
11.12.61.0	FISIM			1
11.12.61.1	FISIM			1
11.12.62.0	Other Financial Services n.e.c	4,570	7,685	1
11.12.62.1	Other Financial Services n.e.c	4,570	7,685	1
11.12.70.0	Other Services n.e.c.	18,197	22,171	1
11.12.71.0	Other Services n.e.c.	18,197	22,171	1
11.12.71.1	Other Services n.e.c.	18,197	22,171	1
11.13.00.0	BALANCE OF EXPENDITURES OF RESIDENTS ABROAD AND	135,786	154,924	2
11.13.10.0	BALANCE OF EXPENDITURES OF RESIDENTS ABROAD AND	135,786	154,924	2
11.13.11.0	BALANCE OF EXPENDITURES OF RESIDENTS ABROAD AND	135,786	154,924	
11.13.11.1	Final Consumption Expenditure of resident Households in the rest of the world	236,946	250,977	1
11.13.11.2	Final Consumption Expenditure of non-resident House- holds on the economic territory	(101,160)	(96,053)	1
12.00.00.0	INDIVIDUAL CONSUMPTION EXPENDITURE BY NPISHS			1
12.01.00.0	INDIVIDUAL CONSUMPTION EXPENDITURE BY NPISHS			1
12.01.10.0	Individual consumption expenditure by NPISHs			1
12.01.11.0	Individual consumption expenditure by NPISHs			1
12.01.11.1	Individual consumption expenditure by NPISHs			1
TOTAL		3,085,296	3,103,806	110

**Table 18. Expenditure on Gross Domestic Product - under 155 Basic Headings of International Comparision Programme (ICP) - 2008-2009 Expenditure on Gross Fixed Capital Formation**

ICP Code	Description	2008 Value Rs. Mn.	2009@ Value Rs. Mn.	Basic Headings
(1)	(2)	(3)	(4)	(5)
<b>15.01.00.0</b>	<b>MACHINERY AND EQUIPMENT</b>	<b>372, 651</b>	<b>297,836</b>	<b>8</b>
<b>15.01.10.0</b>	<b>Metal Products and equipment</b>	<b>325,248</b>	<b>245,931</b>	<b>5</b>
15.01.11.0	Fabricated metal products, exc ept machinery and equipment [CPA 28.11 to 28.75]	1	1	1
15.01.11.1	Fabricated metal products, except machinery and equipment	1	1	1
15.01.12.0	General purpose machinery [CPA 29.11 to 29.24]	54,367	44,898	1
15.01.12.1	General purpose machinery	54,367	44,898	1
15.01.13.0	Special purpose machinery [CPA 29.31 to 29.72]	148,698	125,752	1
15.01.13.1	Special purpose machinery	148,698	125,752	1
15.01.14.0	Electrical and optical equipment [CPA 30.01 to 33.50]	121,170	74,346	1
15.01.14.1	Electrical and optical equipment	121,170	74,346	1
15.01.15.0	Other manufactured goods n.e.c. [CPA 36.11 to 36.63]	1,013	935	1
15.01.15.1	Other manufactured goods n.e.c.	1,013	935	1
<b>15.01.20.0</b>	<b>Transport equipment</b>	<b>47,404</b>	<b>51,906</b>	<b>3</b>
15.01.21.0	Road transport equipment [CPA 34.10 to 34.30 and 35.41 to 35.50]	43,913	51,511	2
15.01.21.1	Motor vehicles, trailers and semi-trailers	40,702	49,410	1
15.01.21.2	Other road transport	3,211	2,101	1
15.01.22.0	Other transport equipment [CPA 35.11 to 35.30]	3,491	395	1
15.01.22.1	Other transport equipment	3,491	395	1
<b>15.02.00.0</b>	<b>CONSTRUCTION</b>	<b>705,374</b>	<b>802, 445</b>	<b>3</b>
<b>15.02.10.0</b>	<b>Residential buildings</b>	<b>251,682</b>	<b>318,944</b>	<b>1</b>
15.02.11.0	Residential buildings	251,682	318,944	1
15.02.11.1	Residential buildings	251,682	318,944	1
<b>15.02.20.0</b>	<b>Non-residential buildings</b>	<b>183,514</b>	<b>148,426</b>	<b>1</b>
15.02.21.0	Non-residential buildings	183,514	148,426	1
15.02.21.1	Non-residential buildings	183,514	148,426	1
<b>15.02.30.0</b>	<b>Civil engineering works</b>	<b>270,178</b>	<b>335,075</b>	<b>1</b>
15.02.31.0	Civil engineering works	270,178	335,075	1
15.02.31.1	Civil engineering works	270,178	335,075	1
<b>15.03.00.00</b>	<b>OTHER PRODUCTS</b>	<b>37,285</b>	<b>47,159</b>	<b>1</b>
<b>15.03.10.00</b>	<b>Other Products</b>	<b>37,285</b>	<b>47,159</b>	<b>1</b>
15.03.11.00	Other Products	37,285	47,159	1
15.03.11.1	Other Products	37,285	47,159	1
<b>15.00.00.0</b>	<b>EXPERNDITURE ON GROSS FIXED CAPITAL FORMATION</b>	<b>1,115,310</b>	<b>1,147,440</b>	<b>12</b>

@ Provisional





## BOOK REVIEWS

Basu, Kaushik, *Inter-disciplinary Transgressions, Political Economy, Moral Philosophy, and Economic Sociology*, Collected Papers in Theoretical Economics, Volume IV, Oxford University Press, New Delhi, 2010, Pp. vi+302, Price: Rs. 775/-.

### 1. Introduction

'Interdisciplinary Transgressions' is the fourth in the impressive series of Collected Papers in Theoretical Economics by Kaushik Basu. This paper tries to capture, as much as possible, in a non-technical language, the spirit behind the seemingly disparate papers that Basu has written on various themes that relate to Political Economy, Moral Philosophy and Economic Sociology (as the book's subtitle points out). I would add 'Philosophy of Economics' to it as well. This paper attempts to show the potential reader of this collected volume that these papers are anything but disparate. There is a very clear methodological as well as conceptual common thread that ties them together. The advantage of reading them all together, along with several of Basu's other papers that belong to different volumes than the one that is being reviewed here, confers a huge benefit on the reader. Slowly and steadily, you begin to see the common picture.

The invisible thread that I see also means that this essay is ordered differently than the book. In the next section, we take up the issue of Methodological Individualism (Chapter 2 of Basu [2010]) and this is followed by a related methodological issue of 'Field Experiments' in Section 3 (Chapter 3 of Basu [2010]). From here, we take the thread that first appears in chapter 2 (Basu [2010]) to its next logical step, viz., our fourth section "Construction of Methodological Middle Ground" (that includes Chapters 10, 11, 17, 14 and 15 of Basu [2010]). Following this, Section 5 looks at the related moral philosophical questions (Chapters 12 and 13 of Basu [2010]). Section 6 combines all other chapters, as most of these deal with social issues and also exhibit close model kinship.

### 2. Methodological Individualism

Economists often believe that all economic research and policy can be done in terms of individual 'actions' and 'reactions'. Such an implicit (often unsaid) methodological thread goes under the name of 'Methodological Individualism', which is often attributed to the Austrian School of economic thought writings by Carl Menger, Frederick von Weiser, Eugen von Boehm-Bawerk, Ludwig von Mises and Frederick Hayek. Simply put, such a position would claim that "all true theories of social science are reducible to theories of individual human action plus the boundary conditions specifying the conditions under which persons act" [Nozick, 1977, Pp. 353-392]. It might help to have a sketch of the arguments in front of us before we go on to see Prof. Basu's take on them.

The above definition of methodological individualism basically tells us that those who practice it believe that all economic theories are reducible to theories of individual action. Think of Eve in the Garden of Eden. If she had to only contemplate whether to eat the apple or not, she could perhaps think of all the risks associated with her decision, deconstruct her actions and ensuing outcomes, and choose that particular action that maximises her expected utility which she derives from those risky outcomes. You can think of Eve's world as one of inanimate objects and animals (as we do have the 'Serpent' there on the tree imploring Eve to eat the apple). Now, complicate the story by adding 'Adam' into this world. Now, Eve's decisions impact Adam's well being and similarly Adam's actions impact Eve's. What Adam would do then depends also on what Adam thinks Eve would do, and similarly for Eve. So, Eve cannot treat Adam as another inanimate object and go on with her previous decision apparatus. The question now is: can this 'Adam and Eve interactive decision apparatus' be reduced to 'Eve alone's decision apparatus' or does it introduce any additional component which is irreducible? The answer to this question, for

example, has a bearing on how one thinks about 'institutions' within the 'methodological individualist' framework.

To give a stark example of what is involved (as exemplified by Kenneth Arrow [1994]), think of the general competitive equilibrium story. Here individuals choose their demands for various commodities subject to the condition that their individual incomes cover their individual expenditures. Firms choose inputs and outputs subject to the technological constraints. The ultimate choices here are based on individual preferences, attitudes to risk and expectations about the future and so on, all of which are treated as 'individual'. There is one crucial piece in the story, viz., prices faced by the firms and individuals, which cannot be explained by any 'individual' based story. One could take recourse to game theory to come up with an explanation for prices, and claim that game theory is the new language of methodological individualism. However, the rules of the game, unfortunately, are a 'social' phenomenon.

Basu<sup>1</sup> starts us off with the diametrically opposite position to that of methodological individualism, viz., '*methodological holism*', which claims the existence of macro laws that apply to the whole system and the behaviour of its components are then to be deduced from these macro laws. Start, for example, from the behaviour of an aggregate such as a firm, and then deduce from it how the individual actors within a firm would behave. Of course, the opposite end of the spectrum is occupied by the *methodological individualism*, where we do the opposite. Portrayed this way, one then thinks of Economics, at least the textbook variety, as closer to the methodological individualist end of the spectrum.

From this vantage point, let us now focus on one of the important philosophical issues with regard to methodological individualism, viz., 'preference' and 'choice'. Consider the following

proposition *P* which Basu puts forward: "The landlord will undertake action A because it is in the landlord's class interest to do so". For a mainstream economist, this proposition is not permissible, as it involves an underlying preference which is not really 'individual'. The landlord will undertake action A not because he individually prefers it to something else, but because his 'class' likes it. The reason for objection is similar to the following: if you are asked whether you prefer apples to oranges, and you say that whatever your hostel mates say is fine with you, then it shows some sort of dependency on others. The definition of an individual preference relation in modern Economics will explicitly rule out such possibilities. While this happens to be a common practice, it is not an essential postulate of modern Economics, consider, for example, Dusenberry's statement of individual's choice. Hence, it is contestable whether one could indeed rule out such things. Basu sidesteps this issue (whether or not it is right to make such propositions) by stating that 'such assumptions are best avoided'.<sup>2</sup> However, we soon get a clue of which direction his heart takes him, as he goes on to argue that much of the current literature makes use of 'rules of the game' as well as 'endogenous preferences', both of which evolve over time through intrinsic social processes that are responsive to 'what others in the society do'.

He then argues that modern economics is increasingly taking a somewhat middle ground between methodological holism and methodological individualism using the following example. Suppose each individual likes to wear jeans if more than 60 percent of the population wears jeans. Then, such a society can go to one of the following two equilibria: one where everyone is wearing jeans and another where none are wearing it. The bottom line in this story is that there is circularity between societal behaviour and individual preferences. In such cases, where you start would be immaterial. This is a

theme that recurs throughout the volume (for example, Basu [2010], chapter 10), without being explicitly in focus.

### 3. Field Experiments

Let us now turn to a related methodological issue and focus on one of the new research methods that is increasingly becoming popular in Economics in general and in Development Economics in particular, viz., ‘randomised field experiments’. To get a feel of this method, let us employ Basu’s example (Basu [2010], Chapter 3). Suppose you want to study the effect of the tablet aspirin. You then administer a small dose of the medicine to a random sample of people walking the Delhi streets and based on that sample conclude that if a person with a headache takes aspirin, then 90 percent of the time, he gets relief. This is one of the typical randomised field experiments and the inferred result from it.

The question which Basu poses for this method is the following: Suppose you select a random sample of Delhi people who are lying down with a headache and you administer the same dose of aspirin. Could you extend your earlier result and say that it (*viz.*, relief 90 per cent of the time) holds for this group too? The answer ought to be in the negative as the latter sample does not belong to the same population of the original randomised field experiment. Fine; reformulate the question now as: if you administer the same field experiment next year to people walking Delhi streets, would the same result hold? The answer is again negative, as the population is different and also the weather conditions may not be the same - may be it is a cooler day next year when you conduct your experiment. Even if the population is the same and the other things are unchanged, there must be a qualification in applying the findings from one sample to another based on some knowledge of the sampling distribution. Further, such knowledge may often be lacking. Hence,

Basu argues that use of such results from randomised field experiments to predict the future is synonymous to assuming that the result from the aspirin study on people walking Delhi streets applies to Delhi people lying down with a headache. As a result, one cannot use such results from randomised field experiments as policy prescriptions as they are recommendations about the future. The bottom line is that the problem is not with the initial study but it is in its attempt to predict the future.

One counter argument could be that there is no material difference in human body constitution between yesterday and today (evolution takes millions of years!) and hence one could accept the results as if nothing material happened between the two days to affect the human body constitution. Of course, there could be million and one other things that could happen between yesterday and today; however, as long as they are not related to the issue under study, the results learnt from yesterday’s randomised field experiment should hold good tomorrow as well. Basu would accept this argument with the condition that such an argument involves, apart from statistical sample theory, an element of unscientific ‘intuition’ (that nothing in human constitution changes from one day to the next). There is also another related point that he makes; the study result cannot be used directly by you for another reason. Suppose you have a headache and you are walking the Delhi street. Then the result might not apply to you as you might or might not be a random draw from the population (for example, what if you are a ‘Japanese’ walking the Delhi street?).

Consider the following experimental study by Gneezy and Rustichini [2000, Pp. 791-810]. To discourage the parents from picking up their children late from the day care centre, it imposed a fine for each minute that parents arrived late. The fine was found to have the perverse effect of increasing parental late coming. The authors

argue that this is due to the elimination of moral disquiet through monetary cost and that the parents find the latter easy to bear.

Now there are two ways you can think about what you learn from this experimental result. One is to sound polite as Basu does, and say that researchers only publish the 'unexpected'; as the expected is never published, one never gets to see the big picture and hence to think that we gain knowledge from such experiments could as well be a chimera. The other, like Rubinstein [2006, Pp. 246-254], is to find it hard to believe that such a thing could be true in a country like Israel, as in that country parental late coming is a norm and is tolerated, and hence hope for stricter standards of experimentation and even tighter scrutiny of their results by the Economics profession.

#### **4. Construction of Methodological Middle Ground**

Let us get back to the methodological middle ground, namely the middle ground between methodological holism and methodological individualism, that Kaushik Basu advocates. The pleasure of reading a collected volume (after discounting for the initial difficulty of reading what appears to be a disparate set of papers) lies in figuring out the common, unwritten thread that connects seemingly disparate papers. Let me turn to such a connection now, *viz.*, the 'Principle of Free Contract' that runs through several of his papers (some not included in this volume). Consider the following Parfit's question (Parfit [1984]). Is it morally possible to distinguish between 'single' acts and a 'collectivity' of a large number of such acts? We do come across this question in its logical form; for example, the distinction between aggregate demand and individual preferences or the distinction between a single sand particle's dynamic path and that of a sand pile. However, Derek Parfit's query is in the context of moral philosophy. For example, I might be willing to subject myself to sexual harassment

for some monetary benefit; but, would it be alright for the society to legalise sexual harassment? The answer to this question lies in understanding certain basic concepts, to whose enunciation we turn now.

The principle of free contract (PFC) says that 'if two or more adults voluntarily agree to a contract or an exchange, which has no negative externalities on those uninvolved in this contract, then the government should not stop such a contract'. This principle emanates from two other basic tenets: Pareto Principle (PP) and Consumer Sovereignty (CS).

Pareto Improvement is an improvement that leaves at least one person better off and none worse off. Pareto Principle (PP) then says that a Pareto improvement is desirable and so should not be thwarted by any entity. Consumer Sovereignty (CS) states that each individual is the arbiter of that individual's own welfare.

Let us look at some of Basu's examples, where you might want to bring forth your objections to the operation of PFC.

1. In the case of Port Caledonia and the Anna, a shipping vessel got into a danger at sea and sought help from a tug. The tug owner made a 'take it or leave it' bid of 1000 pounds. The master of the ship accepted it but later went to the court, and the court held that the master of the ship pay only 200 pounds. Court clearly violated PFC.

2. A firm advertises that it offers its workers outstanding salaries, great health plans, vacation plans, etc., but reserves the right to sexually harass them. It leaves it open to the potential employees to decide whether to sign the contract on their own free will or not. If some sign such a contract, then the state cannot interfere as per PFC.

3. A poor person wants to sell himself to a rich quarry owner in exchange for a regular supply of food to his family back home.

One reason why you might not want to allow PFC to operate is when you perceive asymmetry of powers between signing parties. If so, then such contracts between such two parties would be held invalid. Knowing this, those in a powerful position will never sign a contract with those in a powerless position and hence the latter gets completely excluded from the market. Given such an eventuality, the asymmetry of power cannot in itself be a reason not to allow PFC to operate.

As a stark setting to understand these somewhat abstract notions, let us use (2) above, which is based on one of Kaushik Basu's earlier papers [Basu, 2003] on sexual harassment. An entrepreneur advertises that he is offering his workers outstanding salaries, great health plans, vacation plans, etc., but reserves the right to sexually harass them. He leaves it to the potential employees to decide whether or not to sign the contract on their own free will. Is there a case for banning such 'open' sexual harassment?

A strict application of the PFC seems to suggest that such a ban is unwarranted in the case of 'open' sexual harassment contracts. If some sign such a contract, then they are doing so out of their own free will and hence the state should not interfere. However, one could argue (as Basu does in this paper) that if such harassment contracts are allowed, then those workers who are extremely averse to sexual harassment would be worse off, as they would get jobs with less wages, compared to the status quo situation where there is no 'open' sexual harassment in the economy. So, one can ban sexual harassment contracts, as allowing them has a negative externality on uninvolved persons. However, note carefully that negative externality cannot be a sufficient argument for a ban. For sufficiency, you need to identify preferences that are considered 'fundamental' to the

society. In most societies, preference not to be sexually harassed would be considered fundamental. This together with the negative externality argument establishes the case for a ban against sexual harassment.

Where is Parfit's question fitting with this story? We can rephrase Parfit's question about whether it is morally possible to distinguish between single acts and a collectivity of acts as follows: would it be possible for each single contract to be Pareto improving, but a collectivity of such contracts to be not Pareto improving? In the above story, if one potential worker signs a sexual harassment contract, this worker might not be able to affect overall wages. However, if several of the potential employees sign such contracts, it would adversely affect wages for those who do not prefer to sign such contracts. Loosely reinterpreted, when one single act could be morally right from an individual's perspective, the collectivity could be morally wrong from the society's perspective.

One could make a similar argument, as does Basu and Van [1998, Pp. 412-427], in the setting of child labour. Consider two types of households, Type 1 which never send their children to work and Type 2 which send their children to work. One could show that the market wage rises if a ban on child labour is imposed<sup>3</sup> Conversely, if there is no ban, then wages must fall. Falling wages means Type 1 households' welfare is taking a beating. Hence, not having a ban on child labour penalises those households that have a stronger preference not to send their children to work. Hence, one could argue for a ban (or alternatively, exception to the PFC) if we consider Type 1 households' preference not to send their children to work to be an inviolable 'fundamental' preference. This in nutshell is the bottom line of Basu and Van [1998] paper. Whether it is or it is not a fundamental principle is clearly ambiguous,

as is evidenced by the (informal) asymmetric reaction to Basu and Van [1998] paper from western and southern spheres of the world.

Above, we asked the question whether it would be possible for each single contract to be Pareto improving, but for a collectivity of such contracts to be not Pareto improving. Basu [2010, Chapter 10] establishes the technical conditions under which this question can be answered in the affirmative. Put in another way, the main goal is to see when the Principle of Free Contract (PFC) could potentially have exceptions. Are there situations where PFC should not be used? The hassle with this exercise is that you want to develop rules that adhere to the Pareto Principle (PP) but at the same time violate PFC; that is, one wants to look for justifiable violations of PFC within the class of situations where PP holds.

Let us look at a situation, which exhibits multiple equilibria. Think of legal limits on working hours. If an employer wants to hire someone to work for fifteen hours a day and if it is fine with the worker, PFC would tell us, why should the law intervene? It could be that workers are willing to work that many hours a day because the hourly wages are too low. To make ends meet with low subsistence wages, they might be willing to work those extra hours. However, a legally imposed limit on working hours, by restricting the labour supply would force the hourly wage to go up. At this new high wages, workers might not want to work those long hours any more. So, if the labour market displays multiple equilibria, banning one equilibrium, *viz.*, the one with long working hours, might not militate against our adherence to the Pareto Principle, while at the same time violating PFC.

A similar argument works in Basu and Van's child labour model [1998]. There, you have one equilibrium where wages in the economy are low and households have to send their children to work and another equilibrium where wages are

high and children need not work. In case the country is caught in the low wage equilibrium, a ban on child labour, could restrict the labour supply and hence push the wages up thereby pushing the economy to the other equilibrium where wages are high and no child has to work, which while violating PFC, satisfies the Pareto Principle.

Shift now your attention to a related problem of various proclamations of rights all around the globe. Think of various global proclamations such as 'right to basic education', 'right to better wages' and so on. To declare something as a right is to take on the obligation of implementing it in the near future. Converting a slogan to action can have some pitfalls. Think of 'fallacy of binariness' [Basu, 2010, Chapter 11] which alerts us to the possibility of a third option. For example, if you claim that basic education to a child is better than child labour, it does not automatically become the basis for banning child labour, as there could be a third alternative such as 'malnutrition'. Before banning child labour, one needs to ensure that such a ban would lead to child education and not child starvation. Basu puts it in a nutshell: "in trying to uproot one evil, we must not become so single minded that we do not care if this evil is rooted out by replacing it with a bigger evil" [Basu, 2010, Pp. 143]. For example, while one wants to protest against child labour, one should not end up unwittingly in the 'trade protectionist' camp. Also, what if one inviolable fundamental preference against child labour comes up against another, say, fundamental preference against food deprivation? One is then forced to trade-off one fundamental preference against the other. In such situations, states and international organisations could resort to non-legislative actions such as financial incentives to eradicate poverty or child labour.

Instead of declaration of rights, think of product boycotts by ordinary consumers around the globe against those products that use child

labour as a labour input. Would such boycotts discourage or encourage child labour? Upfront, the intuition seems that such product boycotts should help reduce child labour. Would that survive closer scrutiny? Basu [2010, Chapter 17] is such a scrutiny. He shows that boycott of such products actually increases the incidence of child labour. Let us see how. Price of a product that is free of child labour should cost more than when child labour is used to produce it. Without boycott, then, the product will sell for a higher price. Think of firms that employ only adults and those that employ children as well (with the inherent assumption that child labour and adult labour are freely substitutable). Once a firm employs children, its product gets labelled with 'child labour' and fetches a lower price, whereas firms that employ only adults will earn higher prices for their products. Hence, in a way, you can 'separate' those firms that use child labour from those that do not use child labour.<sup>4</sup> Given the separation of firms, the demand for adult labour will come from firms that employ only adults. Then, one can visualise that for certain parameter values, child labour in the economy will actually increase with product boycotts.<sup>5</sup> Hence, while contemplating policies or proactive boycotts, one should keep in mind that the intended consequence could actually worsen the situation, which it was supposed to remedy.

Basu [2010, Chapter 14] then goes on to extend the intuition gained from the above class of models to a broader question of household decision making and its impacts on issues such as child labour. For example, if the decisions in a household were taken by a female head of the household, would it have an influence on child labour? Following Chiappori's [1988, Pp. 63-89] lead, he develops a model of household decision making. Think of a household with two adults, one male and another female and assume that household's objective function is made of a weighted sum of their utility functions (where male and female utility functions are taken to be

different), with weights characterising the balance of the power. The weights also depend on other factors such as female's wages or female's inherited wealth and so on. Hence, as the wife begins to work and starts to earn more and more relative to the husband, the balance of power within the household slowly shifts to the wife. Then, as you can visualise, the problem can be solved as a Nash bargaining game, and the resulting subgame perfect equilibrium would be one where in each period the female is not allowed to work and the male eats up everything, which is an inefficient solution.

What is the logic behind the above result? If the female is allowed to work now, then in the next time period she would earn more, and hence gain more power, eventually leading to the male relinquishing power and hence being worse off in the future. Hence, anticipating that, the household prefers to settle for an inefficient outcome. Basu also shows that a female's power and the amount of child labour form a U shaped relation. A household that has reasonable gender symmetry in terms of household power outperforms the asymmetric power households.<sup>6</sup>

Let us now turn towards those papers that exhibit more of moral philosophical traits.

## 5. Classical Utilitarianism Re-looked

Classical utilitarianism is one of the prominent philosophical schools of thought. If one is thinking about issues such as social welfare or anything to do with the issues of equity, one is drawn to this school of thought.<sup>7</sup> For example, if you are thinking about an issue such as inequality, you would want some redistribution of wealth or income in order to achieve 'equality of welfare or utility'. If you believe that an increase in income enhances welfare, then you would seek equality of income directly instead of equality of welfare. Some, for example, the so called 'Chicago' school

members, would argue that equality of income does not lead to equality of welfare [Friedman, 1969; Stigler, 1966].

If you take this debate on face value, the next, more fundamental, question to ask would be: what do we mean by equality of welfare? When are two individuals equal in welfare terms? Any attempt to answer such a question inevitably would lead us to interpersonal comparisons of utility. There could then be several standards that one could use to compare interpersonal utilities or welfares. How to identify the right one? Basu [2010, Chapter 12] would look for logical inconsistencies to knock out the weak standards of comparison.

One popular standard is 'Extended Sympathy'. It would ask you whether you would prefer to be person  $i$  in state of the world  $s_1$  or person  $j$  in state of the world  $s_2$ . The state of the world would be everything relevant to the problem at hand. You can visualise it as follows: would you like to be an  $i$  in an Indian restaurant with a completely specified menu card or would you like to be a  $j$  in a Japanese restaurant with a completely specified menu card? The state of the world is the 'completely specified menu card in an Indian restaurant' or 'Japanese restaurant'. Everything you need to know about the menu, ingredients that go into it, and price are in the completely specified menu, and hence qualifies as a 'state of the world' relevant to your problem. Now, different people might have different preference orderings. You can then define your own extended preference ordering over the space that is a product of individuals and states of the world. Likewise others would also have their respective extended orderings. Using all these extended orderings, you can then move on to some super-orderings. Basu points out that all such 'if I were you' thoughts invariably mean putting oneself in other person's 'tastes' as well as 'mental make-up'. To put it succinctly, if  $i$  did not take an action  $A$  in state  $s_1$  then, you too, putting yourself in  $i$ 's

position, should not carry out that action  $A$ . Let us use an example. Suppose I, an Indian, went to Germany (a country with the 'right' driving rule) and did not cycle on the right but instead cycled on the left. Would a German 'putting himself in my shoes' do the same thing? 'Putting himself in my shoes' means he ought to internalise the fact that I am new to Germany. Internalising 'new to the country' factor as well as cycling down on the left would not necessarily mean he is in 'my shoes'. He perhaps has to internalise my childhood education in a Catholic school, my IQ, my family background, and so on and so forth. Where you decide to stop in this internalising process 'of being me' might make a difference to your answer. Then, the question posed by extended sympathy in coming up with the extended orderings is at best ambiguous.

Let us look at the Chicago argument against the claim that equal income implies equal welfare. Consider a budget set comprising income and leisure. If two individuals choose from the same budget set, and if one chooses a point with higher income but lower leisure than the other individual (who chooses lower income with higher leisure), the 'Equal income implies equal welfare' school would focus only on income and would say that the first one with higher income is better off than the second individual. Chicago school would point out that such a claim is incorrect as the first individual has less of leisure than the second individual. The Chicago school does not stop here. It goes on to make a further claim that the income differences between these two individuals are 'equalising differences' as they compensate for the difference in leisure. Hence, both are equally well off. Basu shows that this additional claim of the Chicago school is illogical.

Let the utility function of both individuals, say  $u(x, i)$ , where the first argument is the bundle and the second is the individual, be a function of leisure and income and let both face an identical budget set. Find the best choice bundles of leisure



and income given by, say, A and B respectively, where A is on indifference curve I-1 and B on I-2. By the above Chicago School argument, we will get  $u(A, 1) = u(B, 2)$ . Let us now change the prices and get a new budget set. For this new budget set, we can recalculate the best choices and let them be C and D respectively. Let C be on I-1\* (an indifference curve below that of I-1) and D be on I-2. That is, choose the new price line in such a way that you get B and D to be on the same indifference curve of the second individual, viz., I-2. Now, again,  $u(C, 1) = u(D, 2)$ . By the manner in which we have constructed the new budget set, we also have  $u(B, 2) = u(D, 2)$  as B and D are on the same indifference curve for individual 2. Hence, we would eventually get  $u(A, 1) = u(C, 1)$ , which is a contradiction as A is on a higher indifference curve than C. Hence, the Chicago claim is wrong. For a proper geometric proof, see Basu [2010, chapter 12, Pp. 165].

For any social welfare criterion, be it classical utilitarianism or Rawls' Max-min Principle, the toughest test lies in comparing utilities across infinite generations (where each generation lives for one period), which is in turn captured by, comparison of infinite utility streams over consumptions of each generation. Visualised this way, you will have many possible infinite 'utility on consumption' streams. The problem then is to choose one of the many possible infinite 'utility on consumption' streams. In order to do so, we have to order these streams and select the best one from among them. If one can construct a social preference over these infinite streams, which can be captured by a social welfare function, then perhaps we would be able to identify the best possible stream through the maximization of that social welfare function.

In order to come up with an acceptable social welfare function, we then need to scout around for ethically acceptable conditions that such a function needs to satisfy. For example, you might want to treat all generations equally (the so called

'anonymity' axiom) and you might also want to satisfy the Pareto Principle. Given that you want to maximise the social welfare function, you might want the function to satisfy some sort of 'continuity' condition as well. The problem is that there is no social welfare function that would satisfy both the Anonymity and Pareto principles. So, the name of the game is to lower the expectation as a modeller and look for social welfare order (a total or linear order is a binary relation that satisfies reflexivity, transitivity, anti-symmetry and completeness), or better still a 'social welfare pre-order' that might not be able to compare certain infinite utility streams (a pre-order is a binary relation that satisfies reflexivity and transitivity) which satisfies the desirable conditions such as anonymity and Pareto principle. Basu and Mitra (Chapter 13) are able to get one such social welfare pre-order that does not need the continuity property and yet satisfies the other desirable conditions such as anonymity and Pareto principle.

Why is such an exercise important? Think of an exhaustible natural resource such as oil. How would you allocate this essential but exhaustible resource over different generations? On the one hand, too much of its use now might deprive the future generations of this essential ingredient in the production process and might lower their welfare. On the other hand, given technological progress and new discoveries of alternative technologies or discovery of more efficient methods of use, may be the future generations might not need such a big oil stock. If so, we are hurting ourselves by leaving a lot of the oil stock in the ground unexploited. Given these kinds of considerations, how should one allocate this scarce but fixed resource over infinite generations? This is a practical question of utmost ethical importance as well as policy relevance. To answer questions such as these, you need ethical principles to guide us as well as constructs such as what Basu and Mitra develop, that satisfy such ethical principles.

## 6. Customs, Norms and Conflicts

### 6.1 Cultural Traits

Any given 'concept' could potentially have a social meaning and it could be based on a 'shared' understanding. 'Rain' for one society could signify 'gloom', while for the other signify 'joy'. Such social meanings are almost always relative. To understand the meaning of a concept, one then has to have a 'literal' interpretation of the term and also the contextual and social meaning. In much the same manner, Basu [2010, Chapter 5] compares Economics (with its focus on 'literal' and more importantly, 'formalisable') with Anthropology (the 'social' and often 'not so formalisable'), and argues for both elements to be present in the cooking table of economic policy making. He claims that successful economies are those comprising individuals who work more for society's interest even if it is at a variance with their self interest. Much of our social norms and a sense of integrity could be hard wired; we may not even think too much before rejecting actions that violate these norms or codes of integrity with which we have been brought up. Such norms are society dependent and not so much individual specific. For example, too much teacher absenteeism from Indian schools could be because it is an acceptable norm to miss classes. To correct it, even though you might need incentives and punishments till it gets corrected, you might not need such incentives to continue for too long, as 'not missing classes' could soon establish itself as a new social norm. Let us now take a closer look at this specific problem, following Basu [2010, Chapter 6].

Accepting as a first approximation that teacher salaries as well as rules for rewards and punishments are uniform across different states of a country like India, what explains the huge variation in teacher absenteeism in schools across states? Suppose that teachers benefit from being absent from the class room (either through salary

from the alternative illegal job that such a person might occupy or benefits from pure leisure). Then, there is also a cost component from being illegally absent from the class room, which is 'social' in nature; think of it as 'social stigma' which can be quantified. If all the teachers in a society believe in being absent, then in such a society the social stigma component ought to be quite low. If only very few have the habit of being absent, then social stigma attached to absenteeism would be quite high. Then one can figure out under what benefit-cost configurations a teacher would choose absenteeism. Such a condition could be rewritten in a form, where the number of those who will choose absenteeism is written as a function of those who currently abide by absenteeism, along with other variables of the model. Such a function could potentially generate multiple equilibria, given that it is upward sloping and bounded from above. Hence, within a homogeneous country, you could have different states caught in different equilibria. For example, a state like Maharashtra might display low teacher absenteeism while Jharkhand could have high teacher absenteeism. In this story, the cultural trait, say 'social stigma' could potentially play a crucial role. Also, one could model this problem using the notion of pro-social preferences that replace selfishness with empathy and fairness; pro-social preference has its origins in evolutionary biology literature.

### 6.2 Innateness of Cultural Traits

While culture could potentially be important, is the innateness of culture as important? For example, consider for a moment, the cultural belief that Indians are never on time. Is it so innate to us that we can do nothing about it or can it be justified as one of the many possibilities where Indian society finds itself? If it is the latter, then it might be potentially possible for societies such as India to break away from the cultural traps they might find themselves in. To answer that question, Basu [2010, Chapter 8] would like to check

whether the same set of people with the same innate preferences, and endowments could settle into different cultural practices. For example, the same society could be in an equilibrium where everyone is punctual, while there could be another equilibrium where everyone is late.

Think of two individuals who want to meet at a specific time. They can either choose to be on time or be late for the meeting. Suppose if they both are on time, they get a net benefit  $B-A$ , where  $A$  is the cost incurred for being on time (such as starting early from home or taking a local train instead of using the road if you live in Mumbai) and  $B$  is the benefit. If they both are late, then they make zero net benefit. If one is late, and the other is on time, the one who comes on time faces a net benefit  $-A$ , and the other who comes late faces a net benefit of zero. If you set this scenario as a formal game and solve, you will get three Nash equilibria: one where both are on time, another when both are late, and a third equilibrium in mixed strategies where each person randomises between being on time and being late. The mixed strategy equilibrium is unstable, as a slight perturbation in probabilities would take you to one of the pure strategy equilibria.

It is clear that between the first two pure strategy equilibria, being on time is a dominant equilibrium (in terms of net benefits) as it yields the maximum net benefit to both the players. Which of these two pure strategy equilibria would survive in the long run if such a 'punctuality' game is played day in and day out by random pairs of players from a given population? One possibility is that we would choose that action (either 'late' or 'punctual') that we often see employed in the recent past; that is, we would choose that equilibrium with the lowest strategic risk, in the sense that it is more robust with regard to the uncertainty in our mind about what the other player would do. One can figure out that for certain configurations of the relevant parameters, the socially inefficient equilibrium could be 'risk

dominant'. For example, if the cost of being on time is more than half the benefit we derive by being on time for the meeting, then we would rather be late.

### 6.3 Racial Conflict

Now, let us reinterpret the same model in the last subsection with different action labels, *viz.*, 'be conflict prone' and 'be peace loving'. Then, we will have two pure strategy Nash equilibria, where in one equilibrium both players choose to be conflict prone and another where both choose to be peace loving. Again, there will be an unstable mixed strategy equilibrium which we would not consider. Among the two pure strategy equilibria, the one where both want to be peace loving is Pareto dominant as well as Risk dominant.

Let us complicate the story a bit. Suppose now that each player belongs to a particular race or community. Then, two things happen; (i) by way of 'community markers', you would be able to immediately recognise which community this person belongs to, and on account of that, (ii) you could potentially have an innate animosity toward people from any other community than your own. Let this innate animosity of each player be 'private information to the player' and let it be captured by some parameter which can vary from 'zero' to a 'positive number' (that is set greater than the 'peace loving' equilibrium payoff). Let the final payoff for this modified game be one which is net of this innate animosity number. Note that the innate animosity number is not common knowledge. So, when you are matched up against a player from a different community, you have no idea about his or her innate animosity towards you and hence you would not know whether this player would choose 'conflict' or 'peace'. You also do not know what this player thinks about your own innate animosity. In this game players

do not have complete information and hence we have to use a modified Nash equilibrium notion called 'Bayes-Nash equilibrium' to solve it.

Without going into the game theory technicalities, the only Bayes-Nash equilibrium for such a game turns out to be one where you always play 'conflict' whenever you face an opponent from a different community. The logic is not too difficult to comprehend. If you belong to a society with two different communities, your action choice would depend on your assessment of the likelihood of your opponent player being conflict prone. If that likelihood is high, you would choose to be conflict prone yourself. Now, if a few innately conflict loving individuals enter such a society, and then they would choose to be conflict prone, irrespective of their opponents. If you are one of those 'less' conflict prone people, by observing the recent rise in conflict prone actions, you will begin to attach higher likelihood to your opponent from the other community to be conflict prone. Because you attach a higher likelihood, you are more likely to play 'conflict' yourself. Hence, slowly, the entire society would shift to playing conflict prone actions.

The policy bottom line that Basu [2010, Chapter 9] draws is the following: if we all realise that the other community is not innately conflict prone, and we also realise that we have a tendency to form community based likelihoods of other people's leaning towards conflict, then perhaps we might be willing to resist such a tendency on our part, even though individually we might benefit from community based conflict likelihoods.

#### *6.4 Structural and Historical Dimensions of Customs*

Think of a claim that social customs or institutions that exist for long in a particular society do so because they are endogenously formed and that they are efficient in that societal context. To

check the validity of such a claim one needs to consider the following Basu's argument. Any explanation of an institution or a social custom should explain its 'persistence' as well as its 'origin' (as quoted by Basu [2010, Chapter 4]). These two are quite distinct from each other. Consider for example, the Bengal custom that widows eat vegetarian food. People most likely conform to such a custom for the fear of societal sanction or exclusion. Its persistence is not because people benefit from it. Note carefully that it is individually rational to conform though. There could be some who would be better off without such a custom. Hence, such an institution or custom cannot be efficient. But, despite its inefficiency, once it is there, it continues to thrive. Hence, while the first part of the claim (endogeneity) seems to hold, the second part (efficiency) does not.

One can have long surviving institutions that are not efficient, as the above Basu's example illustrates. Also, New Institutional Economics (NIE) tries to explain institutions as an optimal design solution without any reference to the past history, whereas economic history tries to explain institutions as responses to history. Basu [2010, Chapter 4] argues that both these factors, viz., structuralist as well as historical explanations of institutions are complementary in nature and hence both are needed. However, we need to be careful with the untenable positions that both these sides might take. For example, one has to guard against the sense that history necessarily contains within itself an explanation of whatever comes in the future, in the same manner one has to guard against the belief that competitive pressures would demolish an inefficient institution.

## **7. Conclusion**

As I wrote earlier, the barriers to read a collected volume of scientific papers are always

quite high. However, the rewards from perseverance are equally high. For one, you begin to see the forest among the trees. Hitherto unknown patterns in an author's thinking process or modelling process slowly come into the reader's focus. For example, one learns how the Principle of Free Contract works as an organising principle for several of Kaushik Basu's papers, in this as well as other of his collected volumes. One also sees how the existence of multiple equilibria and the use of non-Economic principles to choose among these multiple equilibria constitute the crux of several of his models.

As John Nash succinctly puts it "the point of view of the person whose work ... become the subject matter of a book is different than that of the readers of the book. In a person's total life experience, there is really no 'inessential' or no 'essential'" [Kuhn and Nasar, 2002]. In the same manner, in this collected volume, from the author's point of view there is nothing that is less or more important. However, from the reader's perspective, there could be some such inevitable attempt to order one's work. All that can be said is that if you are the type who does not think all the time in terms of 'purest of the pure' mainstream subject mould, and are basically excited about 'ideas', be they economic or non-economic, you would find quite a few exciting papers in this collection. This paper tries to give such readers a peep into the thinking and modelling patterns of one of the most important and inquisitive minds of our times.

## NOTES

1. Basu [2010], Chapter 2.
2. For a careful analysis of the 'preference' and 'choice' in Methodological Individualism framework, see section 3 of Nozick [1977].
3. See Basu and Van [1998] for a diagrammatic exposition of this point.
4. Those of you familiar with the Development Economics literature, will see the similarity between Michael Kremer's 'O' Ring Theory of Development [Kremer, 1993, Pp. 551-575].
5. Of Course, with extremely severe product boycotts,

child labour would actually decline.

6. Basu [2010, Chapter 15] explores the related empirical issue of higher probability of child mortality for working mothers than for those who are not working.

7. To some extent, the use of the term 'utility' for 'ordinal' utility function that we come across in consumer preferences as well as the use of the same term for 'Neumann-Morgenstern' utility function in the Economics of Uncertainty, has created some unfortunate misunderstandings in the Economics literature. For example, the space on which the ordinal utility of consumer theory is defined (*viz.*, space of outcomes) is quite different from the space on which Neumann-Morgenstern utility function is defined (*viz.*, space of probability distributions defined over outcomes). Hence, these two utility functions, while sharing the same name, are not the same entities and their properties are quite different. Their prominence in the literature perhaps took the focus away from the 'classical utilitarianism'. A typical 'classical' utilitarian utility function, as exemplified by Jeremy Bentham, would involve comparisons of pleasure and pain. Remember that such connotations have no role to play in either ordinal utility functions or Neumann-Morgenstern utility functions.

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Basu, Kaushik, 2011, *Beyond Invisible Hand*, Penguin Books Ltd., London, Pp. 1-273, Price: Rs. 399/- Paperback.\*

Let me start this Review of the book 'Beyond Invisible Hand' authored by Kaushik Basu with a quotation from page number 52-53 of the book. The reason is that it is a holistic-philosophical observation by the author on knowledge as a system. The author writes '...we human beings actually know very little (of objective reality around us). Much of our knowledge is chimera - a mere illusion of knowledge. Many religious traditions and also some religious philosophers take such a view. There is a long Greek tradition to this. The most famous is the fourth century BC philosopher Pyrrho. Pyrrho did not write down any of his philosophy because he was sceptical about its value (of course, he could have been equally sceptical about the value of not writing and have written a lot, like Bertrand Russell, also a sceptic, did)'. The author follows the second line and, if a reviewer is allowed to opine, the second line gives a scope to know the world that preceded the birth of every current generation. The author

reminds that '...intuition and non-scientifically acquired information play a crucial role in our understanding of the world' (p. 49). However, his whole approach is based on scientific outlook of the world.

The author talks about the alternative methods to acquire knowledge. The author says 'In a lot of empirical research, there is the risk that causality may be the reverse of what is being claimed' (p. 50). One might add to the remarks made by Basu that this often follows from 'chain' of non-observations of immediate and remote past. Regarding the latter the reason is that the time-span to be covered is often not understood and that history cannot be truncated at will. In empirical research it is basically a static frame, but then one should go for repetitive observations (many of which are, of course, non-economic in nature) to fill in the gap. Violation of this may lead to the fallacy of non-observations or invalid generalisations. This may be missed in the milieu of immediately observed events, (including non-observed, or observed and non-recorded).

Research results for forecasting often may be misleading unless objective conditions underlying the forecasts hold good. 'Prior intuition' and/or value judgement often affect our conclusions (p. 51). But many of these intuitions are constructions of mind (which are personal and normative) often independent of the objective reality. The serious problem is to unearth the objective reality. The author cautions that 'one possible mistake that both the sceptic and the practitioner of the new empirical method in development economics have to guard against is that of denying that there may be multiple modes of acquiring knowledge' (p. 52). To extend the logic, knowledge has to be acquired from multiple sources and from many parallel cross-sections of objective reality, and reality as understood and acknowledged.

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\* Although the book under review was published in 2011, since the release of present issue of the Journal has been delayed, we have included book review in this issue.

Being simultaneously sceptical to test both knowledge and intuition, I pose the different domains and aspects of knowledge that the author has elaborated in this book. The author talks about the theory of invisible hand (Chapter 2). '(Adam) Smith's theory is that the free market system is like an invisible hand that can unobtrusively coordinate the behaviour of a multitude of individuals, interested only in maximising their own selfish utility, so as to bring about efficiency and a socially optimal outcome' (p. 16, Chapter 2). What the author argues is that Smith's conjecture established as the 'First Fundamental Theorem of Welfare Economics' is based on and 'applies to a competitive economy, in which each individual is tiny and inconsequential, often referred to as 'atoms' in the economy' (p. 21). In case the individual agents are larger such that (condition) each is 'able to singly affect the well-being of others', each becomes the 'strategic agent' and then the Smithian result may 'cease to hold', the author opines (p. 21). What the author opines is that this does not question the invisible hand theorem itself, it brings into focus 'its use in real life' (p. 20) which is subject to conditions and qualifications. The author is aware of the ground reality. He says that 'Governments too often intervene in ways that make matters worse and to enable the powerful to corner additional gains from the market....Both interventions and non-interventions have too often been left to the ideological whims of believers. They need to be founded on analysis and reason, and not on faith' (p. 23). If market could be seen as 'invisible hand' and 'state' as the 'visible hand', the juxtaposition by both presence or absence could have led us to further detail of what the author has chosen to remain precise. The hands, invisible and visible, perhaps are not alternatives; in fact 'market' is also a social configuration that takes shape through actions of the visible hand.

This is what, in fact, has been appreciated and elaborated by the author in Chapter 3. '... the reasons for freeing the market should be seen for

what they are. Viewed in this way, even when we promote the free market, we are aware that we may need to temper it with the hand of the state, since it is not the all-encompassing theorem that many economists made it out to be' (p. 26). The author acknowledges that the Invisible Hand Theorem 'no longer provides a case against government intervention' (p. 26). In fact, government/state intervention may be justified as it may be neutral to externalities, returns to scale or multiple equilibria. The economies in transition move from being mainly barter-based to market/money based. However, that market or money-based exchange always gives better result or face-neutral result may not be true. The author reminds, 'Crony capitalism is all about barter. What the wealthy know and the nonwealthy typically do not know is that you rarely get rich by simply selling or buying products and services at the market price. Not all, but most of the rich got there by mastering the art of barter through nods and winks as well as the extensive use of the exchange of favours - activities that we were told had extended in the medieval age. Once we recognise the occurrence of barter alongside standard market exchange and trade, there is no telling what happens to the Invisible Hand Theorem' (p. 26-27). The author, however, insists that Smith's discovery was exciting because it showed social optimality even when rational individuals were completely selfish.

The function of market in presence of visible hand shows individual learning by doing, government learning by interventions in the system, the latter learn structurally-systematically because 'governments learn how to allow citizens to express their opinion and then do as they please regardless of the public'. Even though in political democracy, there is place for discontent and dissent, democratic governments manage these opinions by accommodation, counter-position, camouflaging, etc. - the purpose is to ensure that dissent does not go a long way to disturb status quo. The author focuses explicitly on this 'ele

bele' (Calcutta-based) phenomenon (p. 29, 216). The Calcutta phenomenon can be extended to understand, among others, 'how capitalism survives and thrives by creating the illusion of choice to workers who may have little choice' (p. 216). The author notes that 'expression of opinion (in public domain) is not enough to restrain a mature democratic government' (p. 30).

The author is very careful in saying that 'the standard model of economics.....functions as if social norms, culture, and collective beliefs do not matter' (p. 33). What the author says as 'social scientist's discomfort' in general is perhaps the 'economist's discomfort' in particular caused by the observation of 'the lack of greed' or what may be called questioning the 'non-satiety' assumption on which the consumer's behaviour depends. The author opines that 'often, we have no well-defined preferences, and make choices from a vague and ill-defined idea of what we want. ...Waitstaff in restaurants know this even if scholars do not' (p. 32). The author observes 'that social norms and culture not only matter, in many situations they are more important than standard economic variables' (p. 34). The observation may find support from empirical studies carried out in the country, especially in the context of the Hindi-Heartland (UP for example) [Majumder, 2007; Mishra, 2004, p. 106]. One will find here continuation of inherited skill-caste division of labour - cultural taboo for manual works for the high caste people - domination by social categories as opposed to economic categories, silence on gender question, non-market behaviour, etc. The author is very clear on what he says; and maintains that 'our ideas of where norms come from, how they acquire stability, and why and when they wither away is still quite rudimentary' (p. 37). The author says that 'one reason for this must be the economist's belief that norms do not matter'.

Deviating a little bit from the main discourse, the author also deals with education. The author opines that the 'high level of teacher truancy ends up being a big drain on government resources and causes poor school outcome' (p. 39). The 'culture of work' is a major determinant of teaching 'regularly' that helps 'retention', 'rich outcome' and 'non-drain of government (national) resources' (p. 39). At this juncture, the author refers to some interventions by the government in the area of education. For retention of students in primary schools, Mid-Day Meal was introduced long back in India that continues, but then empirical research will tell if the high or higher retention ratio is for education, or for cooked food, or for 'food for education' for school-going children of the less privileged families (on the lines of Food for Work Programme in India introduced in 1977 which had a food component in the wage bill of the worker, while NREGA which replaced it does not have). The author wonders 'if in India for some years teachers were monitored for truancy and fined ...'. However, this observation has to be subject to further questions, because the problem of accountability is more serious in educational institutions in particular and public institutions in general in India than mere truancy of teachers at different levels and locations.

Having thus dealt with education on the sideline, the author comes back to his main focus - the Invisible Hand Theorem -- and suggests that 'contrary to the myth inspired by the Invisible Hand Theorem, free markets frequently do not bring individual incentives into alignment with social interests' (p. 41). The social concern of the author is clear like sunlight of mid-summer. But I think the author needs to come out with a clear vision on the political economy by analysis of the social structure of a society and the functioning of an economy that that society gives birth to. The functioning of individuals and cross-sections in a society is some times hierarchy-determined and some times non-hierarchic. The latter is revealed



in social support, for example, in sharing (not exchanging, whether barter-based or money-based) of food (raw or cooked) among neighbours, particularly in some regions of India, considered as remote or underdeveloped. Such a situation, when observed, may show a new dimension and functioning of society [Behera, 2007, p. 15, where Behera observed 'the processed and stored forest food product help insure a year-round food supply' to ensure 'food security' of the tribal people, the study zone being Kandhamal district of Orissa.]. It may be that the author did not like to be involved into such details of multiple modes of social functioning.)

In Chapter 4 the author deals with Kafka's Invisible Hand that is 'a theory of society and polity as powerful as that of Smith' (P. 56). Kafka reminds us that while the individual atomistic actions can be forces of efficiency, organisation, and benevolence, they can equally be those of oppression and malignancy (p. 56). This brings out the question of centralised authority of the role of the state. The main instrument used by governments to influence economic policy is law. This is actually policy interventions by the government backed by law. The author reminds, 'laws are not enforced by robots but rather by individuals, who have their own aims and ambitions' (p. 63). In spite of that, law can alter the outcome, if not the game itself, because the game occurs in a reciprocal frame (p. 62-63). A law when introduced affects the behaviour and expectations of the citizens and individuals start anticipating other's rationality in behaviour. Failure to anticipate is lack of rationality and that may lead to crisis like in driving by obeying traffic signal. While law shows what an individual can do with anticipation in a reciprocal frame, the power of nonlegal control also shapes the outcome. For example, the caste rules/tradition in India has no place in the frame of law, yet in many regions in India the caste rules are more enforced and more powerful than state-sanctioned law (p. 70). The state, however, may come forward under

pressure of urban civil society to control through law such as caste/Khap panchayats in India giving verdicts on socio-cultural issues that often involve the life and livelihood of people. Economists have their own world of understanding and hence get puzzled in certain things that happen in society and often do post-mortem of that. The author reminds, 'once economists recognise the powerful role of peer approval and peer ostracism, the angst that they feel about the world not fitting into their demand-supply model may get lessened' (p. 70).

Chapter 5 begins with Milton Friedman's idea that 'free markets and unfettered capitalism reduce discrimination', advocated in his 'Capitalism and Freedom'. The author contends that 'when it comes to some people's taste for prejudice and discrimination against persons of a specific color, religion, or gender, we should be prepared to interfere in the market and thwart the exercise of such prejudicial preference' (p. 77). The author, however, does not dismiss Friedman's argument 'free market capitalism does indeed have a natural corrosive effect on discrimination'. In the same line, the author observes, one reason why caste prejudices are eroding in India is because entrepreneurs and shareholders are now much more single-minded about money than they were earlier' (p. 78). This is controversial and debatable, particularly in the context of 'state quota' for particular castes in job market, government educational institutions, and more so the caste panchayats and their dominant role in some parts of India. Either free market led capitalism is yet to take shape, or mass society that covers the tribal people, the dalits and the village poor, particularly women, keeps itself at a distance from the top thin layer capitalistic cobweb in these areas. The livelihood of people in the hilly regions in India may testify the validity of not-much-reliance on money and market to give caste an obituary.

Concentrating on education for productivity of a person, the author first cites the work of Spence that says that 'what we learn in college.....really does not equip us any better to handle reality; such education does not enhance our productivity' (p. 80). The author opines that this claim may be a bit extreme but it is not outrageous' (p. 80). He, however, continues to say that if earning college degree follows productivity (capacity to produce more: marks in examination?), then Spence's argument may be reversed. It may be true that productivity at a mature stage of life is not neutral to capacity to learn at an early stage, but that is independent of formal institutional studies. One may be more productive, by whatever indicator it is measured, obviously remaining unbiased, by learning by doing, by observing and then delivering to disciples, like what has been delivered by Sri Ramakrishna or Sri Rabindranath Tagore. The issue is more serious than covered in the book, may be for absence of time of the author, or limited space of the book. The questions involve the very purpose of formal institutional education, the consistency of real life and syllabi, free flow of knowledge across borders, etc. If social bias is taken as the base to judge productivity in determining employability the outcome may be characterised by discrimination. For example, if potential employers believe that 'blacks are less productive and thus need more years of education to reach the same level of productivity as whites', or that the female workers are less productive, may lead to race-based and gender-based discrimination at job market (p. 81). The author rightly opines that 'collective discrimination' is difficult to understand and wipe out easily relative to 'individual discrimination' (p. 83).

However, the author has not totally left out the major issues that link education and productivity. He asserts that 'a person's productivity is highly sensitive to factors connected to the social setting in which the person works, the person's social status, and other collective features' (p. 83). For example, caste has a retrogressive role and impact

on the possibility of children from dalit families getting education in schools at the same time when children from caste-privileged get it. The case in point is UP in India and in adjoining region where even the mid-day meal cooked by a dalit woman to feed children in primary school may be outright rejected by the parents/guardians of caste-privileged families. Productivity to be reflected in job market is a remote one, the first task is to retain the children from less privileged families in schools, if that leads to expected higher future productivity. The author is conscious when he says, 'a child's social conditions matter significantly in how the child performs in school. Even the space and identity/self-esteem in the family helps the child to acquire confidence and become intelligent to lead to human capital for the economy (p. 85). What needs to be clear here is that human development is for the self while human resource development guided by the state is for the economy. While education is for human development, human resource development is for being more productive for higher earning. What the author reminds here is that market mechanism or invisible hand 'may not have even this minimum quality of rewarding the more productive' (p. 90). Caste governance-led system of reward and punishment in India may be a case in point.

The identity question - individual-caste-community - thus matters in determining the outcome of the education-productivity-reward linkage for the individual. The author reminds here the deleterious effect of collective discrimination by race, caste, etc., though it may not be directly individual-sponsored.

'Ordinary human beings, unschooled in the social sciences, routinely believe that a group's ability to do well depends on the ability of the group members to hold in abeyance some of their self-interest in order to contribute to the cause of the group', the author opines (p. 97). The group identity shows often public good in a reciprocal

frame. This, in turn, may show why some economies succeed while others not. The author remains blunt in saying that 'when most economists say that they believe that actions reveal a person's preference (the choice equals utility axiom), they do not really believe in this' (p. 102). What the author suggests is that 'we need to recognise....that there are different kinds of choices with different kinds of utility implications' (p. 103). The cooperative spirit of the people allows the society to form market and allows its functioning. What the author suggests is that altruism and trust among people work as public good. While the author is right in suggesting that development is pre-conditioned by nurtured values within human beings, it is simultaneously true that latent hostility within a society may destroy the base of development. The author, however, says that 'there can be group-specific differences in trust and trustworthiness' (p. 112). Also, that 'in a society that is fractured, with altruism and trust confined to in-groups, these traits can become instruments of group oppression - where one group oppresses another, building up greater power in the oppressing group than it would have managed if the members of the group tried to atomistically carry out the oppression' (p. 113). Retardation or non-development of the locality or of the masses may follow from disruption of the formation of identity or group mobilisation, this is often executed by the ruling elite by accommodating a section of the people at the back by camouflaging, allowing a few in the power structure. As mentioned by the author, 'this was routinely done by the apartheid regime in South Africa'. One may surmise that it works also within a nation-state - creating a frame of pseudo-participation or stop-go participation or participation of a select few close to the power corridor. Even the concept of brotherhood or partnership gets often polluted when the author reminds us that the father of the Indian nation, Gandhi, 'believed for many years that the Indians and British were equal partners in the subcontinent, and resisted the call for

independence from early radicals. It took many incidents and actions on the part of the Crown before he changed his mind' (p. 115).

Coming back to the notion of invisible hand, the author again questions the possibility of 'good outcome for society at large' from actions of selfish or self-interested individuals, as the economists commonly understand it (p. 118). The author reminds that this reading of invisible hand shows damaging philosophy, because development needs trustworthy human beings (p. 118). The author also believes that 'human beings are not innately selfish' (p. 119). My own contention is that in a post-private property scenario there remains scope for accumulation by dispossession and hence selfishness of the gradually evolving section may be a derivative. However, this is subject to further analysis on the observed ground reality of dispossession of the means of production (livelihood) of the people at the bottom layers of society through acquisition of land, for example, for non-agricultural purposes by the state. Accumulation of A by dispossession of B often remains less visible or completely invisible. Access of the asset-poor to common property resources, particularly in rural India, is another major livelihood support system (not to be read as free riders' problem), that if and when alienated from the masses living at the bottom of society, may show the complexity of the scenario. These are some of the aspects that may be brought into an otherwise commendable analysis.

In Chapter 7 the author deals with Acts and Rules, contract and intervention, etc. The author opines that 'while governments do play a large role in this, it is much more critical to have a culture of trust...' (p. 131). The society as in India so far is stable because of this trust, as one may perceive based on general absence of society-sponsored violence, even in a situation of acute deprivation of basic needs of life. However, mistrust is also not uncommon on the same soil - historically-socially. In a polity, trust is a difficult

proposition. The author opines that 'the pervasive failure to respect the principle of free contract has harmed the Indian economy...' (p. 133). Following these opinions and statements made, the author introduces some concepts like 'voluntary slavery', 'workers knowingly working in hazardous jobs rather than sitting idle', 'workers voluntarily or by contract agreeing to remain non-unionised', etc. (p. 134-135). The author supports the idea that freedom of contract should be based on 'a footing of approximate economic equality' (p. 135). The author has taken the position in this book that 'the principle of free contract is a good default rule; it is violated more often than it should be by governments' (p. 137). The author suggests that 'having a choice cannot be equated with noncoercion' (p. 139). Generally, one may fall into the think-trap that either it is free choice or blunt coercion. There may remain a grey area where choice may conceal coercion.

The author comes back to Invisible Hand Theorem and continues to assert that 'market fundamentalists, who would leave it to individuals pursuing their own interests in the belief that the invisible hand invariably guides society to some collectively optimal state, are getting both Smith and economic theory wrong. There are cases where one needs the visible hand of the state to stop market transactions' (p. 155). The author is right, though he took pain to say it, when he says that stopping people from working in hazardous jobs may push their families into starvation and banning child labour may force them into prostitution. This is what happened a long back in Bangladesh export-dependent garment industry in case of girl child labour. The point is not in favour of hazardous jobs or to force children working to earn rather than going to school, but then one has to open up the related issues to take actions.

The author in Chapter 8 continues to deal with Invisible Hand Theorem to suggest that efficient collective outcome from selfish individual

actions is conditional upon many 'technical and conceptually substantial' issues (p. 157). The chapter is on the world economy as a whole - 'the world as a whole is a convenient terrain for understanding how markets function in the absence of an overreaching government' (p. 157). On the question of poverty and inequality, the author opines that 'the reason that the world does not erupt in dissent is because a huge amount of intellectual effort goes into making it appear acceptable' (p. 158). At the same time, the author opines that 'information about the poorest people is hard to get...' (p. 159), which I personally find hard to accept, based on primary surveys that I have conducted that encompass such people. The question remains if the economists in particular are ready to come out from their orthodoxy to find out the ground reality of circumstances in which the downtrodden live, which ground reality, once unearthed, will show the ways and means of how the downtrodden may be expected to deliver in society. [Majumder 2005, Majumder, 2007, p. 201-203 (where I discussed at length the survival instinct of the rickshaw pullers as part of my primary survey that shows the income-consumption-saving pattern of the pullers supported by 'community kitchen' functioning as 'low cost' livelihood strategy for the pullers. Because of this 'kitchen support', the pullers are in a position to regularly save and remit cash to the families at their root villages.)). (Also see Mishra, 2004, p. 155-156, which shows the formation and functioning of 'Grain Bank' at the village/local level initiated by income-poor potters for food security as well as formation and functioning of 'Samaj' initiated by 'Harijan' (downtrodden) artisans engaged in bamboo making for easy credit). The author acknowledges the reality that the intellectuals have no ready answer as to how to mitigate poverty; however, he asserts that once it is at least acknowledged that the system is flawed, one can attempt measures beyond "policy tinkering"... to cover up real issues and need for "a major overhaul" (p. 160). To quote the author on the policy

part, '(it is)...the Washington consensus, that emerge(s) from organizations representing the vested interests of rich countries and the elites of poor nations; the sole aim is to perpetuate the status quo' (p. 160). The real issues, to quote the author, show that 'the amount of inequality is staggering; the hiatus between the richest and poorest people is too large, and the extent of poverty on earth (whether or not it has risen lately) is unacceptable' (p. 159). In this context, the author suggests redistribution of income and mitigation of poverty. To quote the author, '...as soon as we admit that we live in a seriously flawed system that needs not just policy tinkering but rather a major overhaul, then at least a first step is taken' (p. 160). The author suggests that the recent inequality is an offshoot of globalisation ((p. 160). And 'the real danger is global corporate control and the oligarchy of the rich' (p. 167). This signals the need for a detailed analysis on corporate globalisation and its impact on inequality across countries and poverty in third world countries.

Economic globalisation as 'greater flow of goods, services, and capital across nations ...has not been accompanied by any comparable degree of political globalisation (that) underscores the vital need for government and governance' (Chapter 9, p. 181). The social chaos generated from individuals left to them at the national level may happen at the global level also for weak institutions for global governance. The author points that technological progress-led globalisation has a corrosive effect on global democracy, where, 'even if individual countries become democratic, the aggregate of global democracy may well be on the wane (p. 181). Tolerating inequality at the global level is an acceptable proposition which perhaps is not the case when the governed make the national government accountable for the misery. But then in the globalised world the national governments of many countries also play safe because of the absence of a global government and abstain from

making any hypothetical response to questions like differences in country-to-country development arising because of colonial administration in those countries. Even national governments may be in danger like the Allende democratic government in Chile or Castro's Cuba for her hegemonic control. Let me quote in verbatim what the author says on US-Cuba relations: 'The United States, for instance, can cut off Cuba's trade lines. It can do so not only by threatening punitive action against those who trade with or invest in Cuba. This is not just a hypothetical possibility; the Helms-Burton Act of 1996 in the United States is testimony to how this can actually happen. Cuba, on the other hand, can do little to hurt the US economy or polity (p. 183).' The quotation is self-explanatory. Let me quote what the author says about US-Chile relations: 'In the early 1970s, the question of who was President of the United States was a life-and death matter for ordinary Chileans.... Allende government (in Chile) had the mandate of its people. But soon US President Nixon set up his infamous "Committee of 40" to promote covert action in Chile.... (following which) Pinochet became president of Chile. A national democracy stood brutally crushed' (p. 183-184). I have quoted the author at length to show the efforts of the US at establishing hegemonic control. At the global domain thus the US government becomes the visible hand but not the global government. Governance within the US by institutions internal to the US is also not global governance. The author rejects the claim of orthodox text books that 'the idea of barter was a thing of the past', (p. 186) when he asserts that 'nations and governments use the barter of favours, concessions, and treaties all the time' (p. 186). Inequality at the global level is a corollary. To explain, citing the author's own observations, 'international organisations have given money while insisting that the developing countries fulfill certain conditions...such as requiring the debtor nation ... to privatise certain key sectors, unmindful of the fact that this was against the collective wishes of the people. Some

of these conditions have been blatantly in the interest of the donor nation' (p. 186). To overcome the disadvantages, some nations peg their currencies to dollar that however fails to cure their crises in addition to 'loss of autonomy' (p. 189). The underdeveloped countries need currency union, like in the European Union, which has remained a distant dream. The author argues that 'by coming under the control of the US Federal Board (dollarisation), a nation would lose control over its own monetary and to a certain extent even its fiscal policy.... The only way that the advantages of common currencies will be feasible and more widely acceptable is if we can think of central banks as being answerable to all the nations that use the common currency. The European Central Bank does have this feature of multi-country democracy, and that is the reason why the euro, despite its recent instability, is expected to be a net gain for all the unions that have it as their currency' (p. 189). The author suggests that, to start with, 'we can strengthen the democratic structure of global institutions, such as the World Bank, the IMF, and the WTO' (p. 190). The author is aware that 'the process can of course be hijacked, so that these institutions become batons in the hands of the powerful nations' (p. 190). The author has a master vision when he asserts that 'what we need to work on is to give nations, rich and poor, equal say, at least in international organisations...' (p. 191). To continue, 'for the sake of global stability, economic efficiency, and also morality in international relations, we must try to impart a greater democratic structure to our international organisations' (p. 192). While the author's vision is great, it depends on the willingness of the powerful nations to respect the other nation-states on equal footing on global fora.

Let me quote in detail what the author writes in the concluding chapter (Chapter 10) of this book. 'A central message of this book is that the form of capitalism that so much of the world either relies on or aspires to is a grossly unfair system.

...It is the same kind of myth, propagated and actually believed in over long strands of history in India, that the caste system was the way things were meant to be, and the pain and deprivation suffered by the dalits and other disadvantaged groups were part of a divine plan, as just punishment for their sinful previous lives. It is the same kind of belief fostered in the United States in the age of slavery and lynching that the public humiliations and torture that were inflicted on blacks were the right treatment for lesser lives. It is the same kind of belief that makes people feel that "redistributing the wealth" is wrong because the current distribution is somehow the right one, forgetting that the current distribution itself is, in part, an outcome of grasping, lobbying, and the bartering of favours as well as the accumulation of wealth that has occurred through inheritances passed carefully down dynastic lineages' (p. 209). I feel privileged to quote the author in detail because it was a long awaited statement that has been made by no less an expert than Kaushik Basu. Though the author says that this book only 'tries to interpret our social and economic world, not change it' (p. 193), I have reasons to believe that the narratives, explanations, and possibilities examined by the author in this book gives a radical message that has the potential to recharge the brain battery of the intellectuals and social scientists that can go a long way to question status quo and possibly initiate actions to change it for a better world.

'We, including the losers, do not question this (unacceptable) system because we are a part of it', says the author. The author questions this. This is where the book goes 'Beyond Invisible Hand'.

The book is rarest of the rare books written in social sciences. It is a must-read book for all researchers in social sciences and all persons who are at present caught in the trap of 'Invisible Hand' but are willing to think and try to consciously come out from it as well as to those who realise the failings of the Invisible

Hand but would like to know the role which the state must play under various circumstances.

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Chibber, Vivek, 2006; *Locked in Place: State-Building and Late Industrialisation in India*, Princeton University Press, Princeton, 2006, Pp. xx+334.

With the State having come 'back in' in the social sciences, close attention has long been paid to the crucial role played by strong and robust state institutions, and the extent of their capacity, in catalysing economic development in the form of industrialisation particularly in the less-developed countries. Studies of economic development in the case of Japan and the East Asian 'Tigers', particularly South Korea, have highlighted the guiding role played by the respective national states in industrialising the economy. In India too, the model of economic

development adopted after Independence envisaged a leading role for the state. But in comparison with some of the East Asian countries, both the failure of India to industrialise rapidly and the degeneration of the planned economy into what was derisively referred to as the 'License-Quota-Permit Raj' is striking. It is this failure that Vivek Chibber's book 'Locked in Place: State-Building and Late Industrialisation' seeks to explain.

The author argues that this relative failure to industrialise was due to the absence to construct appropriate institutional structures within the Indian state, which would have been required for a concentrated and focussed effort towards rapid industrialisation, as also the opposition of the Indian capitalists to any state control over their activities. As is well-known, there was a broad consensus around the belief that industrialisation of India would require a significant amount of both state help and protection of indigenous industries. It was in this ideological climate that the foundations of India's industrial policy were laid. The real dispute was not about the fundamentals of the policy framework mentioned above but rather about the extent of help to be extended by the state but also about the exact nature of its flip side- state control over the activities of the private sector.

The book disputes the argument that it was the import substituting strategy (ISI) per se that was the cause of India's dismal economic performance. As has been noted, in the formative period of economic planning and state intervention, imports were, in fact, being liberalised (Bhagwati and Desai, 1970, 283). The book further argues that even within an ISI framework the country can industrialise rapidly provided the state imposes the necessary 'discipline' on the private sector in the form of economic planning. It points out that it was the poor quality of this disciplinary framework that is the reason why India failed to 'take-off' in the initial period of the decades of

the 1950s and 1960s itself. The development of this disciplinary framework, its uneven quality and the resistance put up against it by the Indian capitalist class have been closely explained here, using a wide range of archival material. In fact, it is the book's use of this material that is the principal strength of this scholarly work. More often than not, many, if not most, accounts of political economy rely on secondary works. Another strength of this book is that it is relatively jargon-free and thus an easy read for the general reader.

In the initial chapters only, the book questions the widely held belief that the Indian capitalist class on the eve of Independence was in favour of wide-spread state intervention in the economy, which, in turn, would be conducive to industrialisation and economic development. The belief has been fostered by the contents of the Bombay Plan, authored by luminaries like J. R. D. Tata, G.D. Birla and Sir Purshottam Thakurdas amongst others. On the basis of archival evidence, it has been demonstrated that, in a sense, there were not one but two Bombay Plans. The first part of the Plan released in 1944 merely stated the obvious, that in future the economic development of the country would require a high level of state intervention. The second part actually spelt out the details of the extent of state intervention and control over the Indian private sector. As the book notes, it was the second aspect that aroused a storm of opposition from within the business circles itself which even forced stalwarts like G.D. Birla himself to retreat. The book further demonstrates that far from being a proposal for a partnership between the capitalists and the Indian state for economic development, the Bombay Plan was actually a defensive reaction on part of the Indian industrialists, born out of concerns that Indian politics was drifting left-wards.

The book also shows how the Indian capitalists successfully used their connections within the ruling Indian National Congress, principally

Sardar Vallabhbhai Patel, during the initial years of independence, namely the period from 1947 to 1950-51 to thwart any attempts to impose restrictions on the private sector or to subordinate their activities to the broader goal of economic development. All attempts by the Government of India to control the Indian capitalists failed. This has been illustrated in great detail in the context of the Industries (Development and Control) Bill of 1948. Since the state was unduly sensitive to the notion of 'business confidence', all that the capitalists had to do was to threaten the Government with a lack of further investment, citing unfriendly government policies, to get its way.

The author also discusses the close financial connections the Indian National Congress had developed with the Indian industrialists, which complicated matters further. Further political events as well as developments within the Congress indirectly helped the Indian capitalists. The departure of the socialists from the Congress in 1948 strengthened the right-wing within the ruling party. The decision by the Congress to establish a separate trade union splintered a potential ally against the capitalists. To make matters worse, trade-union legislation considerably weakened the movement. All these factors have been discussed in detail by the author. In this background, it was no surprise that the capitalists could get their way.

But these contingent and immediate political factors are not the real reason why the capitalists were so strongly opposed to any attempts to 'discipline'. For the author, the real reason lies in the features of the ISI model of economic development was implemented in India. As is well-known, a sharper emphasis on import substitution began with the Second Plan which in a sense led to a full-blown ISI developmental strategy. This significant change was due to the foreign exchange crisis of the mid-1950s. As the author points out the model entails protected markets as also a system of industrial licensing,



the latter being imposed in order to save on scarce resources. This, in turn, leads to a lack of competition, both international and domestic. This situation, in turn, enables the established capitalists to earn large profits due to protected markets. Thus, there often is no incentive for them to accept any disciplinary measures for they would obstruct the path to profit making. Thus, the author argues that it was natural for the Indian capitalists to oppose the government's disciplinary measures as it was in their own interest to do so.

The book mentions another interesting aspect of this opposition. With the winning of Independence, foreign capital in India, mainly British due to the colonial legacy, started leaving the country, for a variety of reasons. For Indian capitalists, this was a golden opportunity to take over established enterprises with equally established market shares without much effort, which they did. Once this had happened, they no longer required state assistance to develop their own business capabilities. This development made these businessmen resist attempts at control by the government. For them, the reasoning seemed to be that if government assistance was not needed, then why accept controls. It seems that the Indian capitalists, as the book suggests, were comfortable with their then economic position and did not feel the need to collaborate with the government in furthering India's industrialisation.

In addition, the book identifies another reason for the Indian state's relative failure. Despite the failed attempts to control Indian capital, the state still could have set up institutions which would have defined the direction of economic development. The author argues that the establishment of the Planning Commission by Pandit Jawaharlal Nehru was an attempt to set up such an institution. But as the book demonstrates that despite the support of the Prime Minister, the Commission never really enjoyed the authority it would have

required to possess if it was to fulfil its task. The book discusses the internal debates and wranglings over the status, and the extent of the Commission's functions within the Congress. Thus the Planning Commission which could have played the role of an overarching coordinating body had its domain severely restricted. Furthermore, it has been mentioned that the Commission's plans were vague and it did not have adequate sources of information. Its directives and plans were routinely flouted by the other economic ministries and in fact a senior Minister like T.T. Krishnamachari regarded the Commission as an interloper. The fact was that the Planning Commission did not enjoy untrammelled authority despite the Prime Minister's backing. Senior Ministers like Morarji Desai, S.K. Patil and A.P. Jain did disregard the Planning Commission's directives on various occasions [Frankel, 2006, p. 225]. The general vagueness and a certain amount of thoughtlessness that pervaded the Indian planning process have been noted by a key participant in that very process [Patel, 2004, Pp. 39-42]. As has been pointed out "the question of an appropriate policy framework for the plan was never fully grappled with." and that "neither alternatives nor applicability were given much thought. In part, this was the result of the belief in the wisdom and the supreme ability of the Government." [*Ibid*, 41]. This evidence lends strength to the central argument of the book.

This weakness within the state machinery, as the author argues, was the basic reason why the Indian state could not bend the capitalist class in India to its will. The book demonstrates that among the Indian policy makers, it was Prof. D.R. Gadgil who realised this dilemma. While pointing out the need to strengthen the state's hands and providing specific policy suggestions in this direction [Tyabji, 2010, p. 54], he also realised the futility of trying to impose discipline without adequate tools. It was this realisation, in addition to the fact that such an imposition of 'discipline'

was not politically feasible, as the book points out (p. 215), that led Gadgil to emphasise the advisory aspect of the Planning Commission's role. Indeed, it has been claimed that he accepted the Deputy Chairmanship of the Commission only after he received "assurances of full scope for reorienting the planning process around technical and advisory functions" [Frankel, 2006, p. 309].

The ruling party, in turn, too was badly divided over policy matters which, in its turn, enabled the capitalist class to manipulate matters. A recent article argues how powerful the Indian big bourgeoisie could be. Taking advantage of unrelated circumstances (the Mundhra episode and the resignation of the then Reserve Bank governor), it actually created a situation by which the then Finance Minister T.T. Krishnamachari had to resign. This was in retaliation for his efforts to implement "an ambitious programme of social engineering": he tried to goad "a section of the dominant bloc of businessmen, who had acquired control of industry, to behave like true industrialists, rather than engaging in money lending, speculation in stock and commodities, or asset stripping." [Tyabji, *ibid*, p. 47]. The example amply demonstrates the strength of the Indian capitalist class in forcing the government's hands. A similar example would be the resignation of C.D. Deshmukh as the Finance Minister, who resigned since he objected to make Bombay (now Mumbai) a separate city state. But once Bombay was included in the larger bilingual state of Bombay, he was not asked to come back to the Cabinet. Deshmukh himself has stated that his resignation was accepted as a consequence of pressure exerted by business circles that were apprehensive of further socialistic measures on his part. His account suggests that Pandit Govind Ballabh Pant the then Home Minister, was a sympathiser of the capitalist class in the Union Cabinet [Deshmukh, 1995, p. 224]. These two instances lend strength to the book's main argument that the Indian capitalists, instead of developing their capabilities further, did not want

to depart from their existing business practices and indeed thwarted any attempts, undertaken to facilitate industrialisation, on part of the government to regulate them. Thus, as the author argues, "the critical factor that blocked the building of a successful developmental state in India was the widespread and organised resistance of the business class." (p.85).

But the book does not mention the measures undertaken by the Indian state in the 1950s which even then could be seen as being taken in the direction of disciplining capital. The three best examples of such measures are the nationalisation, respectively, of the Reserve Bank, the Imperial Bank (now the State Bank of India) and the insurance industry. The last undertaken by the C.D. Deshmukh-H.M. Patel duo was actually an overnight swoop on the industry [Deshmukh, *ibid*, Pp. 220-221]. Further, it would be worthwhile to recall that an autonomous Reserve Bank with statutory status of a share-holding company was one of the prerequisites of the Federation envisaged by the Government of India Act, 1935. What, if any, were the business reactions to these measures? The book would have been richer if this point had been elaborated further.

It is in this context that the book counter-poses the example of South Korea, one of the successful 'East Asian Tigers'. The book places the developments in South Korea in its historical perspective. The post-World War II Syngman Rhee regime, while weak, experimented with an ISI strategy, which, however, did not help. The development of the country had to wait till the advent of Park Hee Chung's dictatorial regime. Chung established the Economic Planning Board (EPB) which was backed by his personal authority and institutionally overrode other economic ministries. Thus, Chung's personal efforts overcame what the book has described as institutional incoherence. This, in turn, led to the establishment of the framework of disciplinary state led capitalism and the adoption of the Export

Led Industrialisation (ELI) path of development. But as the book points out it was not Chung's dictatorial regime which brought the Korean capitalist class to heel. The reasons once again are structural.

The 1960s saw the opening up of American markets for imports from East Asia. Similarly, the Japanese capitalists shifted their production preferences. Japan decided to concentrate on high-end goods and started establishing production facilities for low-cost goods in Korea in collaboration with the Korean capitalists. No restrictions on exports were imposed. Thus, industrialisation in Korea received a fillip. As the book points out in order to enter hitherto restricted export markets support from the state is required. Additionally, in order to retain these markets, a more disciplined and innovation-oriented production process and thus disciplinary capitalism is required. It was this requirement of capital to be disciplined that the Chung regime fulfilled. Thus, the book argues that no doubt the institutional coherence and self-discipline of the Korean state helped but also that state-directed disciplinary economic planning was accepted by the Korean capitalist class since it was in its own interest. But one could pose a counter-factual questions. What if the Korean capitalist class had resisted Chung's measures? Would the Korean dictatorship have adopted ELI despite the opposition of the business class? Had there been no dictatorial regime would the Korean capitalists pressurised the Korean state to impose a disciplinary regime or would they have gone in for self-regulation? These are questions that perhaps cannot be posed since they are hypothetical. But the book does not take adequate account of the fact that besides structural factors, there are many contingencies that helped Korean development. Contingent factors, like the relatively easy availability of foreign markets and the need of the Korean capitalists to accept state regulation in

return for state help in order to develop capabilities, and break into foreign markets, may have equally aided the process of economic development in Korea.

Apart from these dissimilarities in the Indian and Korean cases, Atul Kohli [Kohli, 2005] has argued for a different set of reasons to explain the differential economic performance of the two countries. According to his arguments, the answers also have to be sought in the nature of colonial rule in the two countries. He has pointed out that the then undivided Korean peninsula was intensively governed by the Japanese colonial rule. The state penetrated to the lowest strata of Korean society. After the Second World War, the Korean state inherited this legacy of a strong state, which, in turn, helped it to establish disciplinary capitalism. In contrast, the British Raj was thinly spread and did not actually penetrate into all corners of Indian society. Thus, the post-colonial Indian state was inherently weaker in comparison to its Korean counterpart [Kohli, 2005]. This is an aspect that the book does not note.

As the book points out, by the 1950s the government had realised that the ISI model had run into trouble. While it was not possible to completely abandon the ISI path, the government realised a solution had to be found and hence it decided to encourage exports as a supplementary economic activity. Once again, this export drive failed, the author explains due to the limited capacities of the Indian state and the disinclination of the Indian business to actively promote exports. The book also identifies another contingency for the failure of India's export drive. Western foreign investment into India was more interested in the domestic market and thus investment agreements, in fact, prohibited exports, unlike in the case of Japanese investments in South Korea. But was the Indian state serious about exports? The term 'export pessimism' is deployed to explain why exports were not encouraged. In fact, it has been pointed

out that it was more a case of 'export amnesia' than 'pessimism', though later India "vigorously and indiscriminately" followed a policy of export promotion [Patel, op. cit., 47 and 67, fn. 11].

The dissatisfaction with the performance of the planning process and its weakness led to attempts on part of the Indian state to initiate economic liberalisation. These moves, both external and internal, of the 1960s initiated under the Shastri regime, which were continued in the first few years of Mrs. Indira Gandhi's tenure as Prime Minister, were however thwarted for another reason. There were foreign pressures for liberalisation, notably from the World Bank and the Lyndon Johnson administration. Relaxing of import restrictions, as the author points out, would have meant a significant outflow of foreign exchange, and in the short-term a large infusion of foreign aid would have been required to compensate for such an eventuality. As the book points out the inability or unwillingness of the Johnson administration to provide adequate funds to India in a sense forced Mrs. Indira Gandhi to take a more populist-leftist path, which, of course, did not disturb the fundamentals of the ISI model. The author argues that it was this inability of the state, due to its lack of capabilities, to push forward significant change and the disinclination of the Indian capitalist class to ask for change of government policies, or initiate change amongst themselves that ensured that the ISI model, with all its distortions stayed in place and thus the framework of economic development to use the book's telling phrase was 'Locked in Place'. It would be pertinent to note that the 1991 phase of economic reforms was caused by a severe foreign exchange crisis and not by any change in the priorities or intellectual outlook of the policy makers. The Indian state was thus forced to change.

The book, interestingly, points out that in the 1960s the Indian capitalist class, while naturally being pleased about internal liberalisation, was not enthusiastic about external liberalisation. It would be worthwhile to recall that the Bombay Club, consisting of leading Indian industrialists, similarly opposed the Narasimha Rao-Manmohan Singh duo's external liberalisation, albeit unsuccessfully. In this context, it is worthwhile to recall Mrs. Indira Gandhi's jibe at the Indian private sector that it was "more private than enterprising". Thus, the book provided persuasive arguments to suggest that in the context of India's relative failure in terms of economic development the fault lay not with the strategy itself but the lack of adequate mechanisms to implement it, on one hand, and on the other, the unwillingness of the Indian capitalists to accept state control as a price for its support in protecting it in order to undertake rapid industrialisation.

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## PROFESSOR SURESH TENDULKAR - A TRIBUTE\*†

Professor Suresh Tendulkar passed away on 21st June 2011 in Pune after almost two months of struggle with post-operation complications following bypass surgery. In his demise, the country has lost an eminent economist and a serious scholar focussing on a deep study of the Indian development and reform process.

Professor Tendulkar studied in the Brihan Maharashtra Commerce College in Pune for his graduation in Commerce and did his Master of Arts in Economic Statistics from Delhi School of Economics. For a year after that he worked at the Gokhale Institute before proceeding to the United States for his doctoral studies. After completing his Ph. D. in economics from Harvard University under the guidance of Hendrik S. Houthakker and Hollis B. Chenery on the thesis entitled, "Some Experiments in Multi-Sectoral Planning Model for India", Tendulkar worked with the Indian Statistical Institute from 1968 to 1978 before joining as Professor at Delhi School of Economics, where he worked from 1978 to 2004. Known for his intellectual integrity and strong support of economic reforms in the country based on a critical evaluation of the growth process and its impact on poverty in the country, Professor Tendulkar had been the Chairman of the Prime Minister's Economic Advisory Council, Chairman of the National Statistical Commission, Chairman of the Planning Commission's Expert Group on Methodology for Estimation of Poverty, Member of the Fifth Central Pay Commission and Member of the Disinvestment Commission set up by the Government of India.

He was also an Honorary Fellow of the Indian School of Political Economy from 14 December 1988 to 28 July 1990. He published some of his seminal papers in this Journal. Whenever he was in Pune, he would make it a point to visit us at the School. He actively participated in a number of the seminars organised by the School.

### On Planning and Development

Professor Tendulkar in his earlier days shared the socialist dream of young intellectuals of his generation and whole-heartedly supported the earlier planning strategy for development adopted by the country. However, over the years, he came to be disillusioned with the limitations of effectively using the available policy instruments for achieving development in a mixed economy such as India within a democratic set up. In fact, he used to teach a course on Economic Development and Planning in the M.A. Economics course at the Delhi School of Economics, the title of which course he eventually changed to Economic Development and Policy. In his lecture delivered on the occasion of re-naming the Servants of India Library of the Gokhale Institute as Professor Dhananjayrao Gadgil Library on March 30, 2001, during the Birth Centenary year of Professor D. R. Gadgil, Professor Tendulkar cited from Professor Gadgil's writings to argue how, like himself subsequently, Professor Gadgil also had long ago in 1967 itself come to vividly see the serious difficulties of operating the myriads of regulations, directions and licensing of establishments and imports to achieve socially desirable goals in the mixed economy under planning in India. One is indeed touched to see Tendulkar's academic honesty not only in admitting how his thinking on the subject underwent a "turn around" by his continual examination over time of the unfolding consequences of the earlier development strategy and the accumulated evidence of the failure of this strategy documented in the literature but acknowledging openly the part played in this change in thinking by the "numerous conversations, discussions and arguments" with his illustrious colleague at Delhi School of Economics, Professor Mrinal Dutta-Chaudhuri. [Tendulkar, 2000, p. 194]. In the Lecture under reference, Tendulkar pointed out that centralised industrial

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\*[Editor's Note: As the present - January-December 2010 issue is being published after the demise of Professor Suresh Tendulkar on June 21, 2011, we are printing the above tribute here.]

†This is a revised version of a lecture delivered on February 4, 2012, at a Session in memory of Late Professor Suresh Tendulkar, in the Seminar on Economic Reforms, organised by S.P. College, Pune.

investment planning for autarchic industrialisation in India's mixed economy had resulted in "high cost industry with little control over the composition of private industrial activity despite 'a great variety of prohibitions, directions and regulations'." He argued that instead "[t]he planners could have opted for the price-based, non-discriminatory market friendly regulatory regime of the South Korean and Japanese variety". As Tendulkar, again quoting D. R. Gadgil, notes that this was possible in those countries because of their close dependence on international trade which prevented domestic oligopoly "from leading either to inefficiency or to high domestic costs". [Tendulkar, 2000, p. 197]. However, Tendulkar further argued that the policy makers did not choose to do so because of the then widely prevalent distrust of the market forces and international trade and private sector large-scale enterprises for bringing about socially desirable outcomes given unequal distribution of incomes and wealth in the society and because of the uncertainty surrounding and inadequate knowledge about the magnitude and the speed of impact of the market friendly policy instruments. He demonstrates in detail the "sheer unworkability of the control system even in the presence of corruption-free and honest bureaucracy" "deliberately assuming away most widely noted rent seeking behaviour or directly unproductive profit-making activities that resulted from direct discretionary control regime." [Tendulkar, 2000, Pp. 196-197].

### On Growth, Inequality and Equity:

Tendulkar explored in great depth the relationship between growth, inequalities and equity. While he pointed out a la Kuznets that the rapid structural changes in the growth process that involve accelerated growth of certain high productivity sectors relative to other slow growing low productivity sectors, leading to income inequalities, he emphasised the distinction drawn by Lerner between functional inequalities (that is,

those that are instrumental in promoting economic development) and dysfunctional inequalities (that is, those that arise from the deliberate creation of artificial shortages of any kind) as being critical. He stressed the need for rapid growth because outcome of rapid growth necessarily implies that functional inequalities dominate over the dysfunctional ones. Drawing on Kuznets, he argued that the sheer rapidity of structural shifts in the rapid growth process would generate new economic opportunities so fast that they would overwhelm social and economic barriers to income mobility. In the presence of income mobility, the identity of those at different levels of income along the income scale would change over time. Therefore, with great insight, he criticised changes in inequalities as measured from *non-panel* data on Lorenz curve or summary measures such as Gini coefficient as meaningless.

Defining equity as *socially perceived* fairness in distribution of economic rewards, Tendulkar applied three criteria given by Scitovsky to argue when inequalities would not be iniquitous. These are:

- (a) inequalities correlated with merit or peoples' contribution to society.
- (b) those that arise in an environment of reasonably widespread/broad-based equality of opportunity.
- (c) those that go with improvement in the well-being of those at the bottom of the ladder.

Thus, Tendulkar believed that sustained growth which increased the average living standard of the population or technological changes which reduce the relative price of one or more necessities of life and improved the well-being of those at the bottom rung of the society would also further the cause of equity.

It was from this perspective that Tendulkar continually attempted to assess the effect of growth on poverty alleviation in the Indian context and checked that poverty was declining. In

all these studies, one sees the great care with which he meticulously examined the empirical evidence available, paying careful attention to the quality of data used by him as well as the implied assumptions needed for drawing the inferences which he was drawing, which remained the hallmark of his work throughout his life. At the same time, he also took into account the abstract theoretical literature on the subject of his study.

His main finding was that poverty in India declined during periods of rapid growth except in years with adverse agricultural performance and food price situation. In his paper, with L.R. Jain, he examined the theoretical underpinnings and the empirical evidence on the relationship between economic growth, inequality, poverty and social welfare. [Tendulkar and Jain, 1995]. Since any particular poverty line is always likely to be considered arbitrary, Tendulkar tried to examine if a comparison of a later time point with an earlier one could be checked for a reduction in poverty measures for all possible values of poverty lines, which he called unrestricted dominance with respect to the particular poverty measure. For example, one could say that in the context of the Head Count Ratio (HCR) measure of poverty, if the later time point happened to be characterised by a higher average per capita consumption expenditure (and same or higher number of households), and if the Lorenz curves for the two time periods were non-intersecting and the Lorenz curve for the latter year was *throughout* inside that for the earlier year, then the poverty ratio in the latter time period would be lower than that for the former regardless of the level at which the poverty line was fixed. In such instances, the latter time period may be said to represent welfare improvement as well as unambiguous poverty ratio reduction. Two basic postulates required to enable one to make such statements are that symmetry and monotonicity of the social welfare function in the individual household real incomes or real consumption expenditures, that is, if social welfare could be de-linked from the identity of

the income recipient or consumer-household (for example, whether the recipient belonged to the Scheduled Castes or not) and was a monotonically increasing function of each income recipient's real income or real consumption expenditure. [Jain and Tendulkar, 1989, Pp. 303-12, 1992, Pp. 456-83]. Acknowledging the serious limitation posed by the symmetry assumption but continuing to use this methodology and comparing the performance of the 1980s characterised by rapid growth of per capita incomes and household per capita monthly consumption expenditures with the 1970s characterised by slow growth in these respects, Tendulkar reached the conclusion that the economy fared better, in respect of poverty levels and social welfare during periods of rapid growth. [Jain and Tendulkar, 1989, 1992; Tendulkar and Jain, 1995]. Similarly, comparing the performance of the reform decade of the 90s with the decade of the 80s, he emphasised that the reform decade of the 1990s was not characterised by job-less growth like the decade of the 1980s and pointed out that the latter showed a higher trend growth rate of manufacturing output than the former and a high positive trend growth of factory employment compared to the negative growth of factory employment in the former. Drawing on the Sundaram (2001), he further stated that the estimated per capita real wage earnings of the casual workers increased at 2.5 per cent per annum for the rural and 2.5 per cent for the urban population between 1993-94 and 1999-2000 and that the poverty ratio declined between 1993-94 and 1999-2000, though the latter findings have been embroiled in controversy regarding the comparability of the N.S.S. rounds data for these years. [Tendulkar, 2000, Pp. 200-201].

### **On Measurement of Poverty**

Prof. Tendulkar's contribution to revising the methodology of measurement has duly attracted a great deal of attention. Apart from modifying

the poverty line by including the minimum necessary expenditure of the households on education and health, he suggested the logically essential correction to the price indices used for computation of the poverty lines for the rural and urban areas of the states as well as the Union by using the prices implicit in N.S.S. expenditure data. [Government of India, 2009, Pp. 1-39]. However, as Prof. Rath has pointed out in his Tribute to Prof. Tendulkar, he did not carry out this process to its logical end but arbitrarily used the earlier estimated proportion of the urban population below the poverty line for 2004-5 as the basis of its subsequent calculations instead of re-computing that poverty line itself using the price index based on implicit N.S.S prices in 1973-74. [See Rath, 2011] While the poverty ratios showed much higher values for the rural areas with his methodology, Prof. Tendulkar again pointed out that the new poverty ratios also showed a declining trend in the underlying period of growth.

### **Rapid Economic Growth for Employment Generation:**

Prof. Tendulkar also emphasised the need for rapid economic growth for generating employment on the required scale. This point has been re-iterated by his life-long friend and associate, K. Sundaram [Sundaram, 2011]. Tendulkar (and Sundaram) argued that growing labour productivity would imply decreasing employment elasticity of output growth and, therefore, employment generation on an increasing rate would require emphasis on more rapid growth."... given the imperative of the low or declining gross employment elasticities with respect to value added in real terms, faster volume of growth of real output is clearly needed to absorb the projected annual additions to labour force of 8 million at progressively rising levels of productivity." [Sundaram, 2011].

### **On Economic Reforms:**

Prof. Tendulkar believed in competition and mobility as forces improving efficiency and quality and promoting growth. He emphasised the potential benefits of trade liberalisation and international division of labour and private capital movements. For him, liberalisation of trade as well as private investment, both domestic and international, were ways of enhancing efficiency through expanded competition. He lamented the slow progress of de-reservation of the small industries sector as well as in the process of opening up the domestic large scale companies to competition from overseas producers. However, he underlined the need for reforms in the area of provision of infrastructure services with clear cut externalities and the need for reforms to strengthen the domestic financial sector as critical to capital account convertibility.

Prof. Tendulkar always emphasised the need for fiscal consolidation and curtailing wasteful expenditure. He was ever mindful of the need for curtailing government expenditure and to observe fiscal discipline. In his famous Note of Dissent to the Fifth Pay Commission, he began by stating in no unclear terms his "dominant perception that on an average, a Central Government employee is underpaid but also underemployed and underperforming." He, therefore, whole-heartedly endorsed the recommendation of the Fifth Pay Commission of "a thirty per cent reduction in the number of employees across board over a ten year period". [Government of India, 2002, p. 49]. I vividly recall how strongly Tendulkar took the then Minister of Finance to task in a Pre-Budget Consultation meeting, for not implementing this recommendation of the Fifth Pay commission.

For Prof. Tendulkar, the purpose of disinvestment and privatisation was restructuring of the over-manned public sector enterprises. he was categorical that the role of government was to



provide public goods such as primary and secondary education and basic health and should withdraw from all commercial (*i.e.*, non-public good) public sector units, re-allocating the resources to legitimate core functions of basic governance and the provision of the above mentioned inadequately supplied public goods and services. He strongly recommended privatisation of commercial public sector units, *whether profit making or not*, through strategic sale, which involves sale of a large chunk of equity on pre-negotiated terms to a strategic investor selected through open bidding process who simultaneously takes control over management, so as to free them from the control of procedure-ridden bureaucratic and political management. The goal must be to improve the efficiency of these units. Very correctly, therefore, he made it abundantly clear that disinvestment of public sector units by placing their equity on stock market to raise capital resources cannot be used to reduce the fiscal deficit as this will have the same effect as a larger fiscal deficit, namely, that of crowding out private investment by raising the cost of capital in the market.

To Prof. Tendulkar, labour market reforms were essential in order to achieve efficiency gains associated with rationalisation of distorted price structure. Prof. Tendulkar, like Prof. V. M. Dandekar, was always highly critical of the increasing dualism of organised and unorganized labour resulting from strong trade unions, particularly in the public sector enterprises, and the restrictive and over-protective labour legislation. The main effect of these was to lead businesses to adopt highly capital intensive technologies and to look for myriad legal and extra-legal arrangements of informal employment of labour involving very high transaction costs. Both these processes have led to very slow growth of regular employment. Prof. Tendulkar also whole heartedly lauded the Court decisions against the various calls for total bandhs declared by trade unions and political parties.

### **On Political Economy of Reforms:**

Prof. Tendulkar developed a neat analytical framework for examining the political economy of reforms. He used the wider concept of entrepreneurship provided by William Baumol, in which political, social and economic leaders sought to attain maximum recognition, power, prestige or wealth. These entrepreneurs encompassed the traditional narrow category of entrepreneurs, who brought about routine or major innovations pushing the technology frontier and the promoting economic development as characterised by Schumpeter. But it also includes the class of entrepreneurs who sought to change the institutional matrix consisting of social conventions, customs and laws in the process of achieving their objectives. While Schumpeterian innovations reduce the transformation cost directly and the transactions costs indirectly, the North-Baumol institutional innovators reduce transactions costs directly by changing institutional rules and transformation or production costs only indirectly. Such a wider characterisation of entrepreneurship brings into the framework of analysis directly unproductive rent seeking activities as well as the usual profit maximising or alternative productive economic objectives. The former can have a negative while the latter have only a positive influence on economic growth and the total impact on economic growth is the net outcome of technological and institutional changes taking place over time. The process of economic reforms is a part of this wider process of economic change and necessitates a continuous appraisal of the positive and negative outcomes of economic reforms actually being undertaken. Social and political assessment and perception of the outcomes of the process of economic reforms leads to the evolving consensus about the reform process which determines the direction and the process of further development of reforms in a democracy. A crucial aspect of the political economy of reforms is the role played in the process of institutional changes

by the various interest groups in the society. While an institutional change may be economically and socially desirable at the time of its introduction, it may tend to be continued beyond the period of its beneficial influence when the policy-making process is 'captured by the concerned interest groups'. Coming down heavily on all kinds of interest groups, Tendulkar asserted, "The interest groups generated by a particular institutional matrix are an important obstacle to any kind of change in this matrix over time." [Tendulkar and Bhavani, p. 16]. As we saw above, Tendulkar was against all interest groups, such as the large domestic industry seeking protection from foreign competition, small industry wanting to continue reservations indefinitely, organised labour restricting competition in the labour market at the cost of unorganized labour, over-extended and inefficient public sector enterprises stifled by inflexible bureaucratic decision making, over-grown bureaucracy interested in perpetuating its hold through excessive regulation and political leadership given to populist pressures.

### Suresh Tendulkar - as a Person

No tribute to Prof. Suresh Tendulkar can be complete without a tribute to his personality. Though a person of utmost simplicity, he carried himself with great dignity and self respect. He deeply valued academic integrity and was forth right in expressing his views. He valued his responsibilities as a teacher above all his other assignments and held academic values above everything else. I shall always remember the sound advice based on purely academic considerations which he offered to me and to all of us as a member of the Board of Management of the Gokhale Institute in our efforts to hold on to high academic standards at the Institute.

We all in the economics profession are ever going to miss the true teacher, scholar, economist and friend that Prof. Suresh Tendulkar was.

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