

may order his further detention for a month in the civil jail.* If the *tahsil-dar* finds it necessary to detain the defaulter for more than twenty-four hours, he must report his action to the Deputy Commissioner. The other landowners in the estate are not liable to this form of coercion because of their joint responsibility for arrears,† nor can it be used in the case of females, minors, lunatics, or idiots.‡ The peon who executes the warrant must not receive the money, if the defaulter produces it, but must instruct the latter to take it or send it to the *tahsil*.

Of this form of coercion Thomason remarked:—"It is only in peculiar cases that the process of imprisonment is likely to be effective. When the defaulter is living in circumstances which make him fear imprisonment, and when he has resources which enable him at once to pay the demand, there may be no more efficient process. But on the poor or the embarrassed it is not likely to have any effect, whilst to the unfortunate, but honest and industrious, man it is cruel hardship. It used to be a very common practice to imprison defaulters as the first step towards the realization of the demand, but the harshness and impolicy of this have been long admitted."§

Distress and
sale of move-
able property.

523. The Deputy Commissioner or any other revenue officer of the 1st grade can distrain and sell the crops|| and the moveable property of the defaulter. But the exemptions prescribed by Section 266 of the Civil Procedure Code as regards sales in execution of decrees of court apply, and in addition so much of the produce must be left unattached as the Deputy Commissioner thinks necessary for seed grain and the subsistence of the defaulter and his family and of exempted cattle until the next harvest.|| * "The process is liable to very much the same objection as the preceding. The usual defaulters are small landed proprietors, whose personal property is of little value to any but themselves and is easily removed. If it is distrained and sold, little is thereby realized, whilst they are greatly harassed and injured. If, however, the defaulter be in good circumstances, and wiffully withholds payment of the just claim of Government, there cannot perhaps be a better mode of proceeding than to distrain at once the most valuable articles of his private property. This course should be followed only when there is good reason to suppose that it will be the means of compelling payment of the whole or a considerable portion of the arrear."¶

Transfer of
holding.

524. The holding of the defaulter may be transferred by order of the Deputy Commissioner to any solvent landowner or landowners in the estate who may be willing to pay the balance due and to accept any conditions which the Deputy Commissioner thinks fit to prescribe.** He may, for example stipulate that the defaulter

* Section 63 (3).

† Land Revenue Rule 247.

‡ Section 69 (4).

§ Thomason's Directions for Collectors, Edition of 1850, paragraph 68.

|| Section 70.

¶ Thomason's Directions for Collectors, Edition of 1850, paragraph 70.

** Section 71 (1).

shall be given part of the land to cultivate at a fixed rent, say on payment of the share of the produce usually taken from tenants-at-will. If it can be arranged, there is no reason why the transfer should not be to the whole village community except the defaulter. For the period of the transfer the holding will then become part of the common land of the estate (*shamilat deh*). Under the law as it stood before 1887 the transfer might be a perpetual one, * but the term is now limited at the Deputy Commissioner's discretion to a period not exceeding 15 years or till the end of the agricultural year in which the defaulter pays to the transferee the amount of the balance on account of which the transfer was made.† A suitable condition would be one combining the two, *i. e.*, till the end of the agricultural year in which the balance is paid or of 15 years, whichever term is shorter. The transfer of a holding to one of the landowners in no way affects the joint responsibility of the other landowners in respect of it during the period of the transfer.‡ At the end of the stipulated term the defaulter or his heir recovers possession free of any claim by Government or the transferee on account of arrears.§ Any transfer made is reported to the Financial Commissioner, who may cancel it or alter its conditions.

525. In cases in which the second and third forms of coercion fail, or are held to be harmful or useless, this is the process which it is ordinarily best to adopt. It has the great advantage of preventing the intrusion of a stranger into the community. If an arrangement can be made whereby a plot of land is left for cultivation in the defaulter's hands he can still support himself and his family in his old home, and there may be some hope that he or his sons will learn lessons of thrift in the years in which they are excluded from the rights and temptations of ownership.

Advantages of this form of coercive process.

526. The Deputy Commissioner can attach the holding or estate and bring it under direct management.|| This process is known as *kurk tahsil*. Usually the *tahsildar* should be the manager, but if the estate is large a non-official agent may be appointed and paid by a fixed salary or by a percentage on the collections. The land revenue assessment is not affected. The manager steps into the position of the defaulting owner or community, and is bound by all existing engagements between landlords and tenants.¶ The rents and profits received after attachment must be credited—

Attachment of estate or holding.

Firstly, against the cost of management,

Secondly, against the demand of the current harvest on account of land revenue and cesses.

* Clause 1, Section 17, Reg. XXVII of 1803 and Section 47 of Act XXXI of 1871. Under the latter Act a transfer till the balance was paid could be converted after 18 years into a permanent one (Section 48).

† Section 71 (2).

‡ Section 71 (4).

§ Section 71 (6).

|| Section 72 (1).

¶ Section 72 (2).

Only the surplus, if any, is available for the liquidation of the balance on account of which the land was attached.* As soon as it has been satisfied, and in any case at the end of five years, the land must be restored to the defaulter,* who is entitled to a full account of receipt and disbursements during the period of management. †

Use of above
process.

527. Obviously this process is unsuited to the case of an ordinary peasant holding except as a mere temporary measure to prevent waste when the Deputy Commissioner thinks one or other of the two following processes must shortly be adopted. ‡ It may occasionally be of use when the defaulter is a large proprietor of improvident habits, or where the real cause of default is a quarrel between the members of a village community as to the distribution of the burden over the different holdings. In the latter case the manager takes for the time being the place of the headman and collects from the proprietors the cost of management including his own remuneration, the land revenue and cesses, the arrear, and the village expenses. He does in fact by authority what the headman proved incapable of doing, and can, with the help of the *tahsildar* (when the latter is not himself manager), quickly settle any dispute as to the *bachh*.

Above processes may be used by Deputy Commissioner of his own authority

528. The five processes described above can be carried out by the head of the district without reference to any higher authority. He may choose the particular one he thinks most likely to succeed, and is under no obligation to try the effect of one before he employs another. The three remaining methods of coercion can only be used with the assent of the Financial Commissioner.

Annulment of assessment of holding or estate.

529. If the arrear has been outstanding for over a month, and the Deputy Commissioner, after trial or otherwise, despairs of recovering it by any of the above processes, he can issue a proclamation attaching the holding or estate and can propose to annul its assessment, and to manage it direct or lease it to a farmer.§ This process cannot be used for the recovery of an arrear of land revenue which has accrued on land which the Deputy Commissioner has already taken under his control either on behalf of the Court of Wards or in pursuance of the coercive process described in paragraph 526.|| On receipt of sanction from the Financial Commissioner a proclamation is issued declaring that the assessment has been annulled. The effect of the issue of a proclamation attaching a holding¶ or of one annulling its assessment is that thereafter no payment made to the defaulter by a tenant frees the latter from liability. A payment before publication of rent not properly due till some date after publication is invalid except with the special sanction of the Deputy Commissioner.**

* Section 72 (3).

† Section 72 (4) and Land Revenue Rule 249.

‡ Land Revenue Rule 255.

§ Section 73 O (1) and (3)

|| Section 73 (2).

¶ See paragraph 526.

** Section 74 (2) and (3).

530. The term of direct management or of the farm must not exceed 15 years. When it is over the holding or estate is reassessed in the light of the evidence as to its real assets which has been obtained. If the owners refuse to accept the new assessment the Financial Commissioner can order direct management for the remainder of the term of the current settlement of the district or for any shorter term.

Term of direct management or farm.

531. Direct management accompanied by annulment of the assessment is known as *kham tahsil*. It differs from *kurk tahsil* because the proprietary rights and obligations of the owners are for the time being in abeyance, and the land revenue settlement made with them is cancelled. If part only of an estate is under farm or direct management the joint responsibility of the landowners of the rest of the estate is suspended as regards that part only.* The Financial Commissioner may order that contracts regarding cultivation or payment of rent already made by the defaulter or by other persons under whom the defaulter claims shall not be binding on the Deputy Commissioner.† If it is part of the sanctioned arrangement that the owners shall remain in cultivating possession of their *khudkasht* lands, they will do so as tenants, and will pay such rent as the Deputy Commissioner thinks proper.

Effect of farm or direct management.

532. However profitable direct management may be to Government the defaulters cannot claim re-entry until the end of the term, and they are not entitled to any account of profit and loss when they recover possession.

Landowners cannot claim re-entry till end of term.

533. *Kham tahsil* is only suitable in the case of a whole estate or at least of a recognized sub-division of an estate. It is a punitive or at least an exemplary, measure, which it would only be right to adopt in case of contumacy on the part of a village community, which is nowadays very rare, or where the assessment has broken down on account of the gross mismanagement or idleness of the owners. Mr. Thomason's remarks may be quoted:—“When land is valuable, population abundant, and the assets . . . consist of money collections from non-proprietary cultivators, and the rent-roll shows a fair surplus above the Government demand, there should be no hesitation in holding *kham*. Ordinary care will enable the Collector to recover the balance, and probably improve the estate. But when the population is scanty, when the defaulters are a community of cultivating proprietors, when the collections are made in kind, or when the estate is deteriorated and fallen out of cultivation, *kham* management requires much caution. Its success evidently depends upon knowledge of agriculture, influence over the people, and prompt and steady action. When the Collector is conscious that he possesses these qualities himself, or can command them through means of his subordinates, he has the strongest possible hold on the people. Nothing more convinces them of the hopelessness of attempting by combination to defraud the Government of its dues, or to force a reduction of settlement, than the

Remarks on direct management.

* Section 78 (7).

† Section 78 (8).

example of a few estates successfully held *kham*, and made to yield more than the original assessment It should not, however, be attempted on any great scale because of the time and minute attention it requires, nor should it be attempted at all unless the Collector finds himself in a position where he may reasonably expect to have time and opportunity to carry his experiment fairly out."* Management should be firm, but sympathetic, the object to be kept in view being to fit the landowners ultimately to resume their old position with changed habits.

Remarks on farms.

534. Farm to a private person after annulment of the assessment is a still more drastic measure than *kham tahsil*. Paragraph 531 applies *mutatis mutandis* to this process. If the defaulters are inferior proprietors it will usually be right to offer the lease to the superior proprietors. No female, minor, or resident in a Native State can be appointed farmer. †

Rights of farmer.

535. A farm is neither heritable nor transferable. Subject to this limitation and to any other conditions expressly embodied in the lease, the farmer has for the time being all the rights of ownership in the estate, at least all the rights which Government takes into account in fixing the assessment.‡ The lease lapses on the death of the farmer unless the Financial Commissioner thinks fit to renew it in favour of his heir. In any case the old proprietors are not entitled to resume possession on account of a lapse occurring before the end of the period originally sanctioned. For further conditions of farming leases Land Revenue Rules 250, 251, and 253 may be consulted. The case of direct management or farm rendered necessary by the refusal of the landowners to accept the demand fixed at a general reassessment of the land revenue has been dealt with in the 517th paragraph of the Settlement Manual.

Yearly statement of result of direct management.

536. A yearly statement showing the result of direct management is submitted through the Commissioner to the Financial Commissioner. §

Sale of estate of holding.

537. The sale of a holding or of an estate on account of arrears is fortunately a very rare event in the Panjab. This measure can only be adopted when all the foregoing processes are deemed to be ineffectual. The sanction of the Financial Commissioner is required,|| and in order to obtain it the Deputy Commissioner would require to prove that the proprietor or the community was either hopelessly insolvent or stubbornly contumacious. Land managed by the Court of Wards cannot be sold for arrears. And no sale is allowed

* Thomason's Directions for Collectors, Edition of 1850, paragraph 78.

† Land Revenue Rule 252.

‡ The farmer should receive no share of the "village cesses" (paragraphs 94 and 256 of the Settlement Manual). His rights in connection with the village *malba* (paragraph 92, Settlement Manual) should be determined when the lease is made.

§ For form of this statement and of other statements required in case of lands under direct management see paragraph 16 of Revenue Circular 84. For form of proposal for a farming lease see paragraph 17.

|| Section 75 of Act XVII of 1887 and section 14 of Panjab Act No. II of 1908.

on account of balances accruing while land is under direct management or leased to a farmer.* As a preliminary step the Deputy Commissioner should attach the holding or estate under Section 72.

538. If sale is sanctioned the first step is to issue a proclamation.† The land is sold free of all encumbrances, and all previous grants and contracts respecting it become void as against the purchaser.‡ The justification for this lies in the paramount claim of the State on the land until its title to a share of its produce has been satisfied. But rights of occupancy not created by the defaulter, and leases of land for gardens, buildings, and certain other non-agricultural purposes, are saved, and also any rights excepted in the proclamation of sale.§ For the procedure to be followed in sales sections 79—96 of Act XVII of 1887 may be referred to. If the highest bid is evidently inadequate, and especially if it does not cover the arrears and the cost of the sale, it will usually be advisable to buy in the estate for Government. The defaulter is still liable for the balance, but except under very exceptional circumstances it would be wrong to take any further proceedings against him. He is entitled to receive any surplus.

239. The law has still further safeguarded the title of the State to its land revenue. If an arrear cannot be recovered by any of the measures described above, or if the Financial Commissioner is of opinion that their adoption is inexpedient, he can order the Deputy Commissioner to proceed against any land or immoveable property belonging to the defaulter other than the holding on which the balance has accrued. In this case no grants or incumbrances created or contracts made in good faith by the defaulter are affected.||

540. In the Panjab the drastic character of the law on the subject of the collection of the land revenue is in marked contrast to the general mildness of its administration. Excluding the issue of 12,577 writs of demands, a proceeding which can hardly be called coercive, processes were issued in the year 1904-05 in 6,287 cases, classified as follows :—

(a) Arrest or detention	...	...	4,015
(b) Imprisonment	...	...	62
(c) Sale of moveables	...	...	2,300
(d) Direct management, farm, or transfer...	...	...	6
(e) Sale of immoveables	...	...	4

541. The procedure for the recovery of land revenue is also applicable to the recovery of the local rate and of the village officer's cess.¶

* Proviso to Section 75.

† Section 79 (1).

‡ Section 76 (1).

§ Section 76 (2).

|| Section 77 (1). For the recovery in one district of land revenue due in another district see Act I of 1890.

¶ See also Sections 97—99.

Canal occupiers' and owners rates.

542. The 5th Section of Act I of 1890 provides that "where any sum is recoverable as an arrear of land revenue by any public officer other than a Collector or by any local authority, the Collector of the district in which the office of that officer or authority is situate shall, on the request of the officer or authority, proceed to recover the sum as if it were an arrear of land revenue."*

The chief demand which Deputy Commissioners in the Panjab have to realize under the authority given by this section is that on account of occupier's and owner's rate levied under Sections 36 and 37 of the Northern India Canal and Drainage Act, VIII of 1873. It is the duty of the Deputy Commissioner in canal-irrigated districts to pay as much attention to the collection of canal dues as he does to the realization of land revenue. In some districts the income from the latter is trifling compared with that from the former.

Procedure for recovery of canal dues.

543. After the *kharij* and *rabi* harvests the Canal Executive Engineer sends to the Deputy Commissioner an English demand statement showing for each estate the amount due on account of occupier's rate and the commission payable to village headmen at the rate of 3 per cent. on the demand on condition of the collection being made by due date. If any *lambardar* fails to pay his quota in time the Deputy Commissioner may confiscate the whole or part of his commission. In the districts watered by the Western Jamna Canal a similar demand statement on account of owner's rate is received. Simultaneously with the despatch of these English statements the Executive Engineer sends to the *tahsildar* a vernacular *khatauni* for every village, showing amount due from each cultivator on account of occupier's rate, and, in the case of the Western Jamna Canal, from each proprietor, on account of owner's rate.† The Deputy Commissioner must not receive any petitions against the correctness of any demand under the head of occupier's rate entered in the *khatauni*.‡ Objectors must be referred to the Canal Officer. Any additions made to the original demand and any deductions from it due to remissions granted after the preparation of the statement are communicated by the Executive Engineer to the Deputy Commissioner, who on his part furnishes to the Executive Engineer monthly statements of collections and balances.

* The 3rd Section of this Act makes provision for the realization of land revenue and of sums recoverable as arrears of land revenue in a district other than that in which the demand has become due.

† There are special forms for the Chenab and Jehlam Canals,—see paragraph 9 of Revenue Circular No 53.

‡ For remissions of owner's rate see next chapter.

CHAPTER XVI.

SUSPENSIONS AND REMISSIONS AND SPECIAL REDUCTIONS OF ASSESSMENTS.

544. When the British Government substituted for collections in kind a fixed cash demand, and after painful experience learned the secret of assessing it with fairness and moderation, it conferred a great boon on the country. The opportunities for oppression and speculation by underlings were much curtailed, the standard of living was raised, and the value of the proprietary right in the land was enormously enhanced. But the measure was not without serious drawbacks, some of which have only been slowly recognised as evils requiring remedy.* In this chapter we are concerned with one of these evils, namely that arising from the occasional incompatibility between fixity of assessment and fluctuation of outturn, and with the measures taken to remedy it without foregoing the undoubted advantages of a demand which does not vary. Advantages and drawbacks of a fixed demand.

545. It was the theory of those able officers who founded the revenue system of North-Western India, that, if a moderate revenue of fixed amount was assessed, the landowners could be expected, to an extent which actual experience has belied, to meet the Government demand in bad seasons from the surplus of good years. The expectation was plausible, but it took too little account of two important factors, the Indian climate and the Indian people. It did not allow enough for the extreme vicissitudes of the harvests in many parts of the country, and it assumed that habits of thriftlessness, the growth of many centuries of misrule, would be rapidly uprooted by supplying a reasonable motive for saving. The peasant farmers of the Panjab have had the advantage of a fair fixed demand for half a century, but it is still true that a considerable proportion of them is lazy and thriftless, a larger number hardworking and thriftless, and only a small fraction both industrious and thrifty. Expectation that landowners would save to meet deficiencies of bad seasons disappointed.

546. Where the fluctuations in the crop areas from year to year are very extreme, it has in some cases been judged best to give up a fixed demand altogether, and to adopt in its place an assessment varying with the acreage of crops harvested. But so far these fluctuating assessments in the Panjab have been mainly confined to lands subject to river inundation and to some canal irrigated tracts, and the extension of the system to areas dependent on rainfall, in which variations of outturn are even more marked, has generally been deemed inadvisable.† Fluctuating assessments.

* As pointed out in Chapter II the undue expansion of credit, which followed on the rapid growth of the value of land, in large measure nullified the effect of a fixed assessment as a school of thrift.

† See Chapter XXVII of the Settlement Manual.

The rigidity of a fixed demand should be tempered by suspensions and remissions.

547. In most tracts therefore Government looks to its officers to make a fixed demand, which is popular with the people and convenient to the State, work successfully by the use of the powers they possess of suspending and remitting revenue when there is a serious failure of crops. The rigid enforcement of the demand irrespective of calamities of season is a disastrous policy which Government has clearly condemned. The folly of collecting revenue from people who by reason of severe drought have no food in their houses, and whose credit with the grain-dealer is well nigh exhausted, seems obvious, but in this matter routine has sometimes proved strong enough to overpower common sense.

Evil resulting from laxity in collection.

548. On the other hand a fixed demand must be treated as such, and the realization of no part of it should be suspended, and still less entirely foregone, without plain necessity. It is easy by laxity to demoralize the people and their headmen. But it must be confessed that until comparatively recent times there was much more danger of undue rigour than of over-leniency. It is certainly not the intention of Government to authorize anything in the shape of laxity or carelessness in the collection of the fixed demand, or to make the system of suspensions and remissions, as has been proposed, "a regular feature of the revenue administration." It is, indeed, to be adopted as an integral part of the revenue policy of the State, but it is to be recognized as a measure purely of grace and not of right, to be exercised only in exceptional cases of calamity so severe as to justify and necessitate a relaxation of the settlement contract. It is true that, even within the areas under fixed assessment, the necessity for relief will recur with greater frequency in some parts than in others; and that in tracts of great precariousness, which it has not been thought advisable to bring under fluctuating assessment, such relief may be frequently needed as a matter of administrative necessity; but, even in such tracts, Government has no intention of abandoning the general principle of 'fixity of demand' with its attendant certainty, as the basis of its revenue system. It recognizes however that it is unwise, even in the interests of its own revenue, to insist absolutely upon what has been termed 'the sacredness of the settlement contract,' or to call upon the cultivator to pay the revenue or rent in all circumstances, however unfavourable; that while it is wholesome and legitimate to expect him to take the bad with the good in years of ordinary fluctuation payment should not be enforced under conditions which would compel a cultivator of ordinary care and prudence, who has to buy food for his family on credit, to further imperil his future solvency by borrowing to meet the demand of the State.

Proper working of suspensions presupposes knowledge of agricultural economy of district.

549. No man can hope to deal successfully with the questions that arise as regards the collection of land revenue unless he has a clear grasp of the agricultural economy of his district, of the soils and the crops of its different parts, the security or insecurity of their harvests, the character of the landowners as regards industry, the size of their holdings, and the extent to which they are burdened with, or free from, debt. The best written sources of information are the assessment reports of the different *tahsils*, the district gazetteer, the settlement officer's tables and maps classifying estates as secure and

insecure, and his scheme for the working of suspensions.* But the study of these should only be an aid to the knowledge to be gained by close personal observation.

550. It should be an invariable rule either to collect the demand punctually or to suspend it regularly. Left to themselves *tahsildars* are apt, even when they know that there will be difficulty in realizing the revenue, to let matters slide, instead of making up their minds definitely whether suspensions are or are not required. If possible, proposals for suspensions and remissions should be dealt with by the Deputy Commissioner before the crops are cut and garnered. Failing that all questions regarding the grant of suspensions on account of a harvest should have been decided by the Deputy Commissioner before the instalment on account of that harvest falls due. In his tours and *tahsil* inspections he should find out what the estates are in which suspensions are likely to be needed, and should either himself inspect them at harvest time, or arrange for their inspection by the Revenue Assistant, or by some Assistant or Extra Assistant Commissioner of experience. As far as possible no suspension should be given until the estate affected has been visited by some officer of a higher grade than the *tahsildar*. Until recently this was required by the instructions in every case. But in practice, where failure of crops affected a large number of estates, the rule had to be treated as a counsel of perfection. An experienced revenue officer, who by marching through a stricken tract has gained a good general idea of the condition of its crops need not hesitate to give suspensions to villages which he has not seen himself, if he has before him the harvest *jinswar* statement and an inspection note by the *tahsildar* or his *naib*. Accordingly the following rider has been added to the rule.—“ In cases of widespread distress, where the number of estates requiring suspensions is so large that all cannot be inspected by officers of higher rank, inspection by a *tahsildar* or *naib-tahsildar* may be accepted as sufficient, provided that as many villages as possible are visited by an officer of higher rank, who should, if practicable, inspect at least a few in each assessment circle affected.”

Demand should be punctually collected or regularly suspended.

551. The circumstances which call for suspensions and remissions may be roughly classed as—

Classification of grounds for relief.

- (a) ordinary, which are usually widespread ;
- (b) extraordinary, which are usually local and isolated.

The distinction is one of practical importance, for the treatment appropriate to the two descriptions of cases is, as a rule, different.

552. The circumstances falling under the head of “ordinary” occasions for relief are mostly those arising from the normal vicissitudes of the seasons. Loss of crops is generally due to deficiency or excess of moisture. The rainfall in most parts of the Panjab is very capricious both as regards its total amount, and, what is quite as important, its distribution over the months of the year. According to the time at which the deficiency occurs the calamity takes the shape either of a shrinkage in the area sown or of the destruction of growing

Ordinary calamities of season.

* See paragraphs 553-54 of the Settlement Manual.

crops. In a very bad season it is but too common to find both these evils united to produce disaster.* When rain fails at seed time, the contraction of the area sown is of course most marked in unirrigated lands, but well crops are also affected. Their acreage is often reduced, and the cost of raising them is much enhanced. If the land has to be watered before it can be sown, the effect of drought on growing crops can hardly escape the most careless observer. But the mischief done by frequent heavy falls of rain to crops on light sandy soils is more likely to pass unnoticed. The case of flooded lands under fluctuating assessment will be referred to by-and-by. Where their assessment is fixed the same principles apply as in the case of other unirrigated lands. But it must not be forgotten that a flood which ruins the autumn crops may be of the greatest value for the much more important spring harvest.

Fluctuations
of yield
allowed for in
assessment.

553. The calamities of which we are now treating being due to the ordinary changes of the seasons ought in some measure to have been foreseen and allowed for by the Settlement Officer. His final settlement report and his scheme for the working of suspensions should throw light on this point. Assessments nowadays are ultimately based on the application of a rate to the average area of successful crops for a series of years, and not to the cultivated area of the year of measurement, which may or may not have been normal.†

In so far as fluctuations of yield have really been allowed for by lowering the rate on the cultivated area, the doctrine that the land-owners must meet the shortage of a bad year from the surplus of good seasons should be kept in view. But great watchfulness must be shown if there is a succession of poor harvests, otherwise an unfair burden may be laid on the people. If the Collector is satisfied that distress really exists, and that the profits of the land injuriously affected have fallen much below what were anticipated at the time the assessment was made, the suspension of a portion of the current demand will be appropriate.

Insecure dry
tracts in South
Eastern
Panjab.

554. In very insecure tracts it will probably be found that the Settlement Officer has himself clearly stated that there was no demand which he could with justice to the State impose which could be paid alike in good and bad years, and that he regarded the grant of suspensions from time to time as essential to the smooth working of

* See paragraph 373 of the Settlement Manual.

† The crop statistics of Hissar, the most insecure of Panjab districts, for the years 1899-1900 and 1900-01, illustrate this in a striking way. The figures represent thousands of acres.

Year.	Cultivated area.	Crops.		
		Sown.	Failed.	Balance matured.
1899-1900... ..	2,581	1,561	1,363	198
1900-01	2,617	2,451	437	2,014

his settlement. This is a position which no one who has had experience of the rain lands in the south-east of the Panjab will dispute and it has been fully accepted by Government. In the orders of the Panjab Government on the settlement of the Rohtak District passed more than twenty years ago sanction was given to the assessments "on the understanding that in the case of all unirrigated lands the revenue assessed is one which is to be paid in full in ordinary years, but which the Government does not expect to realize at once during severe or long continued droughts. In such seasons suspensions will be freely given."* An object lesson was soon after furnished by the breakdown of the revised settlement of Gurgaon, which was aggravated, if it was not caused, by bad revenue management. In explaining the conditions on which the reduced assessments proposed were accepted Sir James Lyall remarked -

" These conditions are that the full revenue of insecure tracts shall not be realized in years of severe or long continued drought, but that such relief shall be given by way of suspensions, and, when necessary, by way of advances for the purchase of bullocks, etc., as may be called for by the actual circumstances of the case when carefully considered by the light of the continuous record of agricultural conditions which is now . . . maintained.

" It is impossible not to feel that the necessity for a general revision of the original assessment . . . would probably never have arisen but for the neglect of these principles. It is equally impossible . . . to believe that any adequate assessment could ever be devised for the insecure tracts of this district which could be safely realized without suspensions in years of severe and long continued drought . . . The variations in the rainfall, and especially in the seasonableness of the rains; the consequent fluctuations in the area sown and the still greater fluctuations in the area harvested; the liability of the people to terrible losses of cattle in years of drought; the great mortality from fever which is apt to follow upon abnormal seasons; and the character of the population most liable to suffer from the effects of such seasons, - all these circumstances constitute a marked condition of things which demands special and exceptional treatment".†

555. These principles are clear enough, and while they apply in the fullest degree to the south-eastern districts of the province, where the rainfall in good years is sufficient to mature an immense area of unirrigated kharif crops, but where the variations from the normal are extreme, they apply less or more to all parts of the Panjab plains in which the rainfall permits of *barani* cultivation except a few specially favoured tracts close to the hills. It is easy moreover to exaggerate the security of sub-montane lands. In the low hills and the broken country sometimes found near the outer spurs of the Himalaya the harvests are often very precarious. An instance of the former is the Hill Circle of Gurdaspur, and examples of the latter are the Bharrari of the same district and the Kandi Circles of Ambala. Sub-montane tracts are only secure where the surface is flat, otherwise

Other rain
lands in the
Panjab

* Paragraph 11 of Review of Settlement Report of Rohtak by Mr. H. C. Fanshawe.

† Paragraph 22 of Panjab Government Orders on Mr. Channing's Settlement Report of Gurgaon.

in years of drought the rapid drainage does away with much of the benefit of a somewhat larger rainfall.

Arrears easily recovered in insecure un-irrigated tracts.

556. It is fortunate that those unirrigated tracts in which suspensions on a large scale are most often required are precisely those in which the recovery of arrears is most easy. There suspension need rarely be followed by remission, unless a succession of bad seasons entails very heavy losses of cattle and deprives the people of the means of rapidly replacing them. In other words remissions on a large scale need only be contemplated when scarcity has deepened into famine. The revenue rates have been pitched low, because the periodical recurrence of short harvests was foreseen, the holdings are as a rule large, and in good seasons the surplus after meeting all expenditure is very great.

Well lands.

557. The case of well lands is widely different. The effect of drought on well irrigated estates should be closely watched, just because the signs of the disease are likely for a considerable time to elude the notice of a careless observer. Well irrigation and small holdings generally go together, and the surplus remaining with the husbandman after paying the revenue and providing for the support of his family is always small. The price and the keep of the bullocks are heavy items of expenditure. In the drier parts of the province the wells by themselves cannot mature any large area without the help of river floods in autumn or of waterings from inundation canals, both precarious sources of moisture. On such wells moreover a considerable part of the area has to be given up to provide fodder (green wheat and turnips) for the cattle, and in dry years this area inevitably expands. Even in more favoured tracts during seasons of severe drought the sacrifice of valuable crops, such as sugarcane, to keep the bullocks fit for work, is a common sight. Well estates bear up at first in years of short rainfall better than unirrigated ones. But if drought is very severe, and especially if it is prolonged over several harvests, they suffer more severely and recover more slowly. Where relief has to be given in well irrigated estates consisting mainly of small holdings the Deputy Commissioner should consider whether it should not take the form of remissions. The calamity is one for the possible occurrence of which little or no allowance may have been made in assessing the village, the rates are as a rule far higher than on unirrigated soils and absorb a larger proportion of the average net assets, and the surplus even in good years is small. These conditions are just the opposite of those which prevail in those unirrigated tracts which are classed as insecure. If the relief given has taken the form of suspension much care and patience is required in the recovery of arrears, and if good seasons do not speedily return, remission may be proposed before the ordinary period of three years mentioned in paragraph 576 has elapsed.

Remissions of revenue when wells fall out of use.

558. The precariousness of the well cultivation in some of the western and south-western districts has been so clearly recognized that it has been made a condition of the land revenue settlement that the well assessment will be remitted when a well falls out of use from any cause, and reimposed when it is again brought into use. The following rules have recently been sanctioned providing for the re-

duction of revenue when a private irrigation work falls out of use during the term of settlement.

The rules do not apply :—

- (a) to any district, or part of a district, for which local rules have been sanctioned, or may hereafter be sanctioned ;
- (b) to unlined wells or jhalars of similar description.

RULES.

I. The Deputy Commissioner shall remit so much of the assessment on the land irrigated from a masonry well as is based on the profits of irrigation from the well—

- (a) when it ceases to be fit for use ;
- (b) when irrigation from it is superseded by canal irrigation, and canal advantage revenue or owner's rate has been imposed.

II. The Deputy Commissioner may grant a similar remission if the well, though still fit for use, has been out of use for four harvests, provided that no remission shall be given if the disuse of the well—

- (a) occurs in the ordinary course of husbandry, the well being intended for use merely in seasons of drought ;
- (b) is due to the introduction of canal irrigation, and canal advantage revenue or owner's rate has not been imposed.

NOTE.—The revenue based on the profits of irrigation from the well shall ordinarily be assumed to be as follows :—

- (i) Where a lump sum has been assessed on the well in addition to a non-well rate,—such lump sum.
- (ii) Where a lump sum, inclusive of a non-well rate, has been assessed,—such lump sum after deducting the equivalent of non-well rate.
- (iii) Where the distribution of the assessment has been by soil rates,—the difference between the actual assessment of the area irrigated and the amount which would have been assessed on that area, if it had not been irrigated.

III. Cases may occur which will not be sufficiently met by the remission of only so much of the assessment as is based upon the profits of irrigation from the well. Such cases should be referred through the Commissioner for the orders of the Financial Commissioner.

IV. In deciding whether to use the discretion given to him by Rule II, the Deputy Commissioner shall consider whether the disuse of the well is due to some cause beyond the control of the landowner, such as the spread of salts in the soil, the loss of tenants or cattle, and extreme difficulty in replacing them,

V. Except with the sanction of the Financial Commissioner, no remissions shall be given under these rules unless the distribution of the assessment of the estate has been made in one or other of the ways described in the note to Rule II.

VI. When a remission is granted it shall take effect from such harvest as the Deputy Commissioner may determine.

VII. If a new well is made to irrigate the land attached to a well in respect of which a remission has been granted under these rules, or if such well is repaired, the re-imposition of the assessment will ordinarily be effected in accordance with the rules for the grant of certificates of exemption contained in paragraphs 505 to 508 of the Settlement Manual as recently revised.

VIII. Where a well for which a remission has been given is again brought into use, and no certificate of exemption is granted, as for instance on the return of tenants or by reason of replenishment of cattle, the Deputy Commissioner shall re-impose the whole of that portion of the assessment which was remitted with effect from such harvest as he may determine.

If in any case the Deputy Commissioner thinks the whole should not be re-imposed, he should report the case for the orders of the Commissioner.

IX. These rules may be applied, so far as they are applicable, to the grant of remissions in the case of other irrigation works constructed at private expense, such as canals, water-courses, dams, embankments, reservoirs, and masonry jhalars.*

Suspension
usual relief in
case of ordi-
nary calamities.

559. The following instructions have been issued as to the relief to be given in the case of ordinary calamities. It will sometimes be found advisable to grant relief from the beginning in the form of remissions. If, for instance, the amount of revenue which it is decided not to collect is such that, when considered with reference to the recent history and present condition of the people, the nature of the assessment and the character of the tract, it is practically certain that it will be impossible subsequently to collect it, it should not be kept unnecessarily hanging over the heads of the revenue-payers, but should be remitted at once. So again, the special conditions of certain tracts may justify the adoption of initial remission as the rule. But in view of the fact that remissions require more careful investigation than is necessary for an order of suspension, it may be taken, as a general rule that in cases of widespread calamity, where promptitude is essential, relief should in the first instance be given in the form of suspensions.

Extent of
crop failure
justifying
relief.

560. "It is impossible to lay down a fixed criterion for the determination of the exact point of crop failure which should be deemed to justify the grant of relief. It has been suggested that only those calamities which are too severe to have been contemplated by the assessing officer as included in the normal course of events should be recognized, and the principle is sound in itself but does not cover the whole case. An eight-anna failure of crops in a precarious tract

* Panjab Government No. 1618 S., dated 22nd August 1904.
The rules were amended in 1907

where it is of no unusual occurrence would have been taken into account at assessment, and would not on this principle admit of the grant of relief, whereas a similar degree of failure in a rich and stable tract, not having been taken into consideration, would, on the same principle, be held to justify relief. In this matter it has been decided to accept the conclusion arrived at in 1882 and endorsed by the Famine Commission of 1901 that "relief will not ordinarily be required when there is half a normal crop." It may indeed be necessary to vary the standard for special tracts, or under special conditions, and the considerations indicated above should then be borne in mind; but it should not be departed from except in rare cases and under exceptional circumstances. On the other hand, it does not necessarily follow that the failure of more than half a crop will always justify relief, as much depends upon the nature of the harvests immediately preceding and upon the importance of the harvest in question.

561. (i) "Once it is decided that relief is necessary, it remains to determine the scale on which relief should be afforded. In dealing with the scale of relief to be given when the crops do not reach half the normal standard, it would be fallacious to suppose that the various degrees of crop-failure can be accurately dealt with by slavishly following any arithmetical formula. At the same time, without the guidance of some arithmetical standard, it is impossible to ensure any kind of uniformity in the grant of relief and accordingly, although anything in the shape of servile adherence to formula is to be deprecated, a standard scale of relief on an arithmetical basis is now prescribed for general guidance, and a scale should be laid down in this form for each district or other suitable tract. When a district comes under settlement the revision of the scale for that district will be made a part of the duties of the Settlement Officer.

Scale on which relief should be given.

"In deciding on the correspondence between the degree of relief to be given and the degree of crop-failure experienced, one important principle should be borne in mind, namely, that the degree of relief should increase, as the yield decreases, more rapidly than the degree of failure. The cultivator has to depend for his own sustenance and that of his family upon the margin left to him after his obligatory payments have been deducted from the yield of his fields. The amount required for that sustenance will, no doubt, be larger in good than in bad years, since in the latter he must be content with a lower standard of living than in the former, but there is a minimum standard below which it is impossible for him to go—a minimum which depends to some extent upon the general circumstances and habits of his class. And the deduction for subsistence being to this extent a constant quantity it is obvious that a four-anna crop will leave much less than half the margin which will be left by an eight-anna crop, out of which to pay rent or revenue. The relief, therefore, should be more than double in the former of what it is in the latter case. Accordingly, the following may be taken as a suitable type in cases where no relief is given for a failure of less than half the normal crop:—

Crop (16 annas normal)	Degree of relief.
6 annas and less than 8 annas ...	25 per cent.
4 annas and less than 6 annas ...	50 "
Less than 4 annas	100 "

"The above may, moreover, be looked upon as showing the degree of elaboration which is considered suitable for such scales, and the introduction of tables of relief containing much greater complication than the type above indicated is deprecated.

Cautions regarding use of the scale.

(ii). "In regard to the above scale it must be remembered that in judging the value of a crop and in deciding whether it is, for instance, equal to 6 annas and less than 8 annas, regard must of course be had not only to the area matured but also to the yield. Thus occasionally bad conditions at sowing time may be followed by very favourable conditions later, with the result that outturns on a reduced matured area may be larger per acre than the normal; moreover, the general rule that yield per acre falls as the matured area decreases applies less fully to irrigated than to unirrigated lands. Other considerations, which should not be lost sight of in applying the scale of relief, as distinct from judging the value of the crop, are given in paragraph 563(iii) *infra*.

Differential treatment of landowners and estates how far justifiable.

562. "In considering the question of suspensions with reference to the treatment of strong and of poor and impoverished estates a distinction must be drawn between times of famine and widespread scarcity when suspensions on a large scale have to be given, and times when the area affected is circumscribed and purely local. Famine or widespread scarcity may be held for present purposes to be established if the area affected exceeds that which could be inspected thoroughly by the Revenue Assistant in a month. In this case no differentiation between rich and poor villages or rich and poor revenue-payers should be attempted, and such discrimination, when exercised at all, must be confined to cases of remission (see paragraph 573).* When the area is circumscribed or purely local the Collector should use his discretion and must ordinarily hold the balance between the course of treating all the land-holders in one and the same estate alike, to which he is ordinarily practically bound by motives of convenience and expediency, and the policy which would make a distinction between the village which can pay without borrowing and that which cannot. In deciding whether a suspension or remission of land revenue is called for in any estate the Collector should have regard to the consideration whether such relief is called for in the interests of the tenants, irrespective of those of the landlord. Rich landlords are often willing to pay in the revenue demand, although there has been a failure of harvest, because of the power which this gives them over tenants who have statutory rights. Consideration for the interests of the tenants of an estate may necessitate suspension or remission of the land revenue even where the landlords do not wish for any such relief. It is only in cases where Government cannot secure the suspension of rent for tenants that discrimination between rich and poor landowners is permissible, and even in such cases only the following three classes may be excluded from the relief afforded by suspensions. Firstly, the men who are known to be bad landlords and rack-renters. Secondly, those well-to-do landowners who can pay without imperilling their future solvency. And thirdly, the capitalist, money-lending, and professional classes, who

* See paragraph 5 of Government of India, Revenue and Agricultural Department Circular No. 1-48-65, dated 9th January 1902.

hold land purely as an investment. It may indeed be true, as pointed out by the Famine Commission of 1901 in paragraph 279 of their Report, that many members of this last class are small men who speculate with borrowed capital, but there is no reason why they should not be held to their contract and should not take the risks of investment in land, as much as of any other form of investment. While, however, authorizing the discrimination of these three classes of landlords in tracts where the extension of relief to tenants cannot be secured or where the rent is realised as a share of the produce, and thus is automatically adjusted to the outturn of the harvest, Government at the same time recognizes the invidious character of any arrangement by which relief granted to landowners generally is denied to an occasional money-lender or retired Government Officer who here and there may have invested his money in land, and it will in their opinion be wise to abandon any attempt at discrimination except in areas where the classes to be discriminated represent a reasonable proportion of the landowners or own fairly large tracts of land. But at the same time the Collector should remember that, while discrimination against people of the above three classes is not prohibited, the general rule should be that discrimination between individuals should not be attempted at this stage, but should be limited to villages, or in comparatively rare cases to such *pattis* or *tarafs* of villages as are distinguished from one another in some marked way, either physically or by the caste or tribe of the landowners or mortgagees in possession. In such cases the wishes of the village community should be ascertained, but the interests of the poorer rather than those of the well-to-do members of the community should be considered. In reporting his action to the Commissioner the Collector should state briefly the policy he has followed and the reasons for discriminating where he has done so.

563. (i). "When suspensions have to be granted on a large scale The danger Collectors should always refer to the district suspension scheme rate. drawn up under paragraph 554 of the Settlement Manual.

"For each district, and where necessary, for each assessment circle and with the special permission of the Financial Commissioner for smaller areas a danger-rate will have been framed by the Settlement Officer, or, if special orders have been given in this behalf, by the Deputy Commissioner.

(ii). "The danger-rate is intended as a rough guide to the necessity for giving relief in insecure areas and in no way supersedes the necessity for oral and general inquiries whereby the need for such action may be otherwise established. It is not meant that suspensions shall as of course be confined to villages to which attention is called by the danger-rate or of necessity granted in such villages. Nor is it intended that the danger-rate should be used for the purpose of determining the scale on which relief should be afforded. The relief will be granted in accordance with the crop standard referred to in paragraph 12 above, after account has been taken of the considerations mentioned in (iii) *infra*. But it may safely be said that any village in an insecure tract in which at any harvest the incidence of the

revenue instalment on the matured area equals or exceeds the danger-rate, should be inspected by a Revenue Officer, and the circumstances which bear on the question, whether relief should be allowed or not, should then be fully investigated.

(iii). "Amongst these circumstances are the character of the preceding harvests and prospects of the next, the presence or absence of stocks for food or seed, the condition of the cattle, the kinds of crops grown whether for food, for fodder, or for sale, the character of the cultivation whether dependent on rain, canals, river spills, hill-torrents, or wells, the nature of the rents whether in cash or kind, the migration, if any, of tenants, the relative importance of the kharif and rabi harvests, the power of expanding the area of cultivation, the presence or absence of sources of income other than the crop such as grass, charcoal, the carrying trade, employment in cantonments, etc., the size of the holdings, and the number of rent-receivers not themselves cultivators—in short all those circumstances which show the general condition of the landowners and their capacity to pay the revenue."

Extraordi-
nary grounds
for relief.

564. Under the head "extraordinary" fall such calamities as hailstorms and locusts. These are accidents which the Settlement Officer could not foresee or take account of when fixing the assessment of an estate. The assets are suddenly reduced by a cause which the husbandman is powerless to control. He has no means of recouping such losses, which are as likely to affect rich irrigated crops raised by a large outlay of money and labour as the cheap millets and pulses grown on roughly tilled lands, of which the yield is normally insecure. In the case of a total and irrecoverable loss of which no account was taken in the arrangement made at settlement between the supreme landlord, the State, and the land-holders, it is but right that the former should forego its claim. Remission of the demand rather than suspension is required, and relief should be given to rich and poor alike, because by the malignity of fortune the basis of the arrangement between Government and the revenue-payers has been disturbed. Pending receipt of orders sanctioning remission the Collector should himself order suspensions. In deciding whether relief is necessary or not an adequate discrimination between the persons concerned will be secured if regard is had not merely to the field affected but to the property or holding in which it lies. If the field is cultivated by the owner, and the loss is small compared with the total income of his whole property; or if it is cultivated by a tenant and the loss is small compared with the total income of the holding, no relief need be given. No relief need be given, moreover, in areas where relief cannot be assured to the tenant, because his rent is not payable in cash, or if payable in kind is not of a fixed amount, and where the landlord belongs to one of the following classes:—

- (1) Bad landlords and rack-renters.
- (2) Well-to-do landlords who can pay without imperilling their future solvency.
- (3) Capitalist, money-lending, and professional landlords who hold land purely as an investment.

565. Fortunately hailstorms move in narrow well defined lines, and the damage done by locusts is also likely to affect some holdings more than others. Relief therefore is, as a rule required not for a whole estate but only for some particular holdings. The crops grown in each field of each holding affected should be excerpted from the *khasra girawari*, and the area of crops harvested compared with the revenue due on that holding. If so large a proportion has been lost that the incidence is excessive a portion of the demand should be remitted. The proposal for the whole estate should be the sum total of the suspensions or remissions recommended for each of its holdings. This should be the ordinary method of calculating the relief that is required, and should be departed from only when the injury extends equally to all parts of a village.

Discrimination between holdings desirable.

566. Heavy floods which destroy crops on lands not usually subject to destructive inundation may be classed as "extraordinary" calamities. But in this case the question may arise whether the water which has ruined the husbandman's hopes in the autumn will not secure to him an unusually large spring crop. If so there is no call for remission, and even suspension may be unnecessary.

Floods affecting lands not usually inundated.

567. The floods of the great rivers of the Panjab are so uncertain that, as already noted, it has in many cases been deemed wise to put the lands subject to their influence under a fluctuating assessment. Where the demand is calculated by applying acreage rates to the area of crops harvested, no question of suspension or remission usually arises. If serious loss occurs after the harvest inspection owing to some sudden calamity, such as a hailstorm or a flood, a fresh inspection and assessment should be made. In riverain villages a heavy flood sometimes sweeps away crops after they have been garnered. If the damage is great, the loss should be estimated as well as possible, and a remission of part of the demand proposed. The amount to be remitted obviously should not exceed the revenue which would have been due on account of the area on which the crops that have been lost were grown. The yield per acre can be roughly determined, and the calculation then becomes a simple one. Where the assessment is partly fixed and partly fluctuating, it will be found that in a normal year the fixed part of the demand is not a large fraction of the whole. Even so it may be prudent to suspend it in an exceptionally bad season, or when a succession of poor harvests has depressed the agriculturists. But mixed systems of assessment are not now much in favour.

Flooded lands under fluctuating assessment.

568. (i). Section 30 of the Panjab Tenancy Act provides that in the case of occupancy tenants who pay rent in cash, or rent in kind of which the amount is fixed, the Collector's order for suspension or remission of land-revenue carries with it, automatically, proportionate suspension or remission of the rent payable to the landlord. In the case of tenants who have not occupancy rights, but who pay rent of the above descriptions, the order of a duly empowered revenue officer (Collector or Assistant Collector of the first grade—see Section 76 (2) of the Act) is required to secure to the tenants the benefits of the relief granted to the landlord. A separate order of this description for each tenancy is not necessary. A general order may be passed applicable to a whole estate or to an area in respect of which suspension or

Relief to tenants.

remission has been allowed. The matter is left to the discretion of the revenue officer. In considering whether he should pass an order suspending or remitting the payment of rent by a tenant-at-will, he should carefully consider whether the issue of such an order is desirable in the interests of both the parties, but more especially of the tenant.

(ii). It must be remembered that the landlord retains the power of ejecting the tenant, of enhancing his rent, and of changing it from a cash into a *batai* rent, and may be inclined to adopt one or other of these courses if he thinks the order unfair as he may do, *e.g.*, where a cash rent is suspended which had been fixed at a low rate in the expectation that it will be paid in full, harvest by harvest.

(iii). It will be observed that, when the Collector orders recovery of suspended revenue, any rent of which the payment has been suspended in consequence of the order suspending the revenue, becomes realizable from the tenant. In the case of tenants who have not occupancy rights, landlords may find difficulties in realizing suspended rents. The likelihood of such difficulties might constitute a special reason for the Revenue Officer refusing to pass an order suspending the rent when the revenue is being suspended, but such an order should be refused in very exceptional cases only.

(iv). If a landlord collects from a tenant rent of which the payment has been remitted or is under suspension, Section 80 gives the power to realize from the landlord and refund to the tenant the rent so realized; and it gives the further power of realizing from the landlord by way of penalty an amount equal to the rent so realized and refunded. It should be recognized that the power of imposing a penalty is to be used with some discrimination. A landlord might be willing enough to recognize the justice of requiring him to refund to a tenant rent which he had improperly realized, but might resent the imposition of the penalty and endeavour to visit his dissatisfaction on the tenant. In deciding whether the penalty should be imposed in any case the Revenue Officer should consider the possible effects on the relations between the landlord and tenant: in many cases it would obviously be to the disadvantage of the tenant that the landlord should regard him as being the cause of his punishment.

In the case of kind rents other than those mentioned above no orders are required, because where the landlord takes a fractional share of the crop the tenant gets relief automatically.

Procedure
in case of
suspensions
and remis-
sions.

569. The grant of suspensions is a matter within the discretion of the Deputy Commissioner. But the action taken must be reported at once to the Commissioner, who may cancel or modify the orders of his subordinate. The district suspension statement is forwarded to the Financial Commissioner for information after the Commissioner has recorded his orders on it and communicated them to the Deputy Commissioner. Even when the Deputy Commissioner thinks that remissions should be given at once he ought as a first step to pass orders suspending the collection of the revenue. Commissioners may sanction immediate remissions of land revenue due to any calamities in the harvest for which the land revenue is due up to a limit of Rs. 5,000 per district. They may sanction remission of revenue which has been under suspension for more than three years (paragraph 576) up to a

limit of Rs. 10,000 for one harvest per district, if they are satisfied that since the revenue was suspended due diligence has been shown in collection. Remissions sanctioned by Commissioners must be reported at once for the Financial Commissioner's information. The Financial Commissioner may sanction remissions without limit.

570. Though there are circumstances under which suspension ought to be merely a preliminary to remission, and others in which the attempt to collect arrears should after full trial be abandoned, the general rule is that suspended revenue shall be recovered whenever the return of better seasons permits. If the expectation that the landowners would in bad years meet their obligations from the stored up surplus of past harvests has had in too many cases perforce to be abandoned, there is the more reason for recovering from the abundance of future years the amount which the State is compelled to forego in the present.*

571. Prudence in the realization of suspended revenue is not less important than prudence in the grant of suspensions, and it is a matter in which mistakes are just as likely to occur. It has sometimes been asserted that landowners set no store by suspensions coupled with an obligation to pay the arrears so created in the future. Where this feeling exists it has generally sprung from past experience of ill-considered action in the matter of the recovery of balances. The old practice of fixing in the suspension order the instalments by which the arrear was to be liquidated was a direct encouragement to such action, and has therefore been forbidden.

572. The following instructions have been issued on the subject:—

- (i). "When owing to famine or widespread calamity suspensions have been made on a large scale, the people affected should ordinarily be allowed to reap the full benefit of the first good crop or average harvest following the famine or calamity, and should be required to pay nothing for it beyond the current dues of the harvest, no arrears of revenue being collected until the second average crop subsequent to such a calamity as is now under contemplation has been reaped.
- (ii). "For every district, and where necessary for every tract in a district which has distinguishing physical features of its own affecting agriculture and the outturn of crops, a limit shall be prescribed in terms of the land-revenue for the time being assessed within which suspended revenue may be collected with any instalment in addition to the current demand. This limit will be fixed by the Settlement Officer at settlement with the sanction of higher authority or, under special orders, by the Deputy Commissioner with the like sanction at other times. The limit need not necessarily be the same for the rabi and kharif harvests respectively, but must be fixed for each harvest.
- (iii). "It is recognized that there may be tracts where the first of these rules would be unnecessarily liberal owing to the leniency of the fixed demand and the exceptional

Suspended revenue usually realized.

Care required in recovery of arrears.

Instructions on the subject. Recovery of suspended revenue after famine.

Limit in terms of land revenue.

Exceptions to rule (i).

*See the orders of the Government of India on the Rohtak Settlement Report (Revenue Proceedings of September 1862); also paragraphs 7 and 8 of Government of India Circular No. 56, dated 18th October 1882.

fertility of the soil in good years. On the other hand, these circumstances will have been taken into account in fixing the limit referred to in the second of the two rules. It may, therefore, conceivably be better in such a tract to collect a small amount of suspended revenue with the first good or average crop after the calamity, and to take a somewhat smaller amount with the second. Proposals for limiting the operation of rule (i) should be included by Settlement Officers in the scheme for suspensions which it is their duty to draw up (*vide* paragraph 554 of the Settlement Manual), or should be made by the Deputy Commissioner if at any time specially instructed in this behalf."

Differential treatment in collecting suspended revenue of rich and poor landowners.

573. "(i). When owing to famine or widespread scarcity suspensions have had to be made on a large scale, no differentiation between rich and poor villages or rich and poor revenue-payers will have been made, but in making proposals subsequently for their collection differentiation between individuals may be necessary. A distinction should, in the first place, be drawn between the classes who cultivate the soil, whether as owners or as Government occupants or tenants, and the landlord class who hold estates which are cultivated by tenants. A man need not be excluded from the former class merely because his holding is somewhat too large for him to cultivate himself and a portion of it is in the hands of tenants, nor should the fact that a landowner, who is in the main a rent-receiver, cultivates his own home farm, transfer him from the latter to the former class; and it will not, as a rule, be difficult to distinguish the two classes with fair accuracy. Of course no discrimination between one kind of revenue-payer and another should be made in the case of persons belonging to the cultivating class. But suspended revenue should always be collected from the classes of landlords described in paragraph 562, if the rent of their tenants has not to be remitted.

Differentiation between villages.

(ii). "As between villages a certain amount of discretion in the matter is permissible, and notoriously wealthy villages may be required to pay up their arrears even though the state of the crops might not warrant their being called on to do so, but it must be remembered that all classes will have been more or less affected by the calamity, and that it is of prime importance that the effects of the calamity should be obliterated as soon as possible.

Report on policy followed.

(iii). "In reporting his proposals to the Commissioner the Collector should state briefly the policy he has followed, and in cases where he has made a difference between the rich and poor the extent to which the difference has been made."

Procedure in realization of arrears.

574. A Deputy Commissioner is required at least one month before the first instalment of the revenue of each harvest falls due to consider the circumstances of every estate in which there are arrears due to suspensions and decide what portion, if any, of the balance can be recovered in addition to the demand of that harvest. He should issue the necessary orders and put them in force. The orders and the reasons for them are embodied in a statement which is sent to the Commissioner, who modifies them, if he thinks fit, and forwards the statement to the Financial Commissioner for information. It is for the

Commissioner to see that the report of each district reaches him not later than one month before the first instalment of the land revenue falls due and that it contains a sufficient explanation of the orders issued with reference to the circumstances of the current harvest.

575. It is a futile and dilatory proceeding on the part of a Deputy Commissioner to call for reports from *tahsildars* or the revenue assistant regarding the recovery of arrears. It is far better to sit down with them and discuss the case of each village in the light of past and present crop returns and of any information which *kanungos* and *zaildar* can give. In the tours of *tahsildars* and higher revenue officers estates in which arrears exist ought to have received special attention. In deciding what part, if any, of an outstanding balance can be collected the rate at which the demand of the current harvest plus the arrears proposed for realization falls on the area of matured crops should be carefully noted, and compared with the normal incidence of the revenue on the crops of the same harvest in past years.* It is most important that the Deputy Commissioner should himself visit estates that are believed to be in difficulties.

Remarks on realization of arrears.

The amount to be recovered should always be a definite fraction, that is, so many annas in the rupee, of the full demand of the harvest in regard to which the suspension was sanctioned.

It must be remembered that collections should always be first applied to meet the current demand.

576 (i). It has been usual in the Panjab in case of ordinary calamities of season to first suspend revenue, and, if the experience of three years has proved that it cannot prudently be recovered within that time, to remit the arrears then outstanding. It should not, however, be considered a hard-and-fast rule that in the case of ordinary calamities remission shall under no circumstances be given immediately, † or on the other hand that all arrears must be wiped out which remain unrealized for three years. ‡ In unirrigated tracts with large holdings no harm will be done by keeping the account open for more than six harvests, if care is taken only to recover more than the current demand at times when this can be done without hardship to the people. But large arrears ought not to be kept hanging over the heads of landowners for an indefinite period and Government will usually remit revenue that has been suspended for more than three years, if it can be shown that due attention has been given in the interval to its recovery, and that there have been good reasons for not enforcing payment.

Remission of arrears.

(ii). In the case of fully assessed tracts, with an outturn which is fairly constant, the amount of revenue under suspension at any given time should ordinarily be limited to the equivalent of the revenue demand of an ordinary year. In this case it would not follow that

General conditions regarding the scale of remissions.

* See columns 23 and 24 of the Abstract Village Note-book.

† See paragraphs 557 and 559.

‡ See paragraph 6 of orders of Government on the Assessment Report of atehjang and Pindigab (Revenue Proceedings No. 29 of November 1906).

when suspensions exceeded the limit, the whole amount suspended should be remitted and, logically speaking, only the balance by which they were in excess should be so dealt with. But in the case of calamities so severe as to call for heavy suspensions, greater liberality than this will, no doubt, be desirable. An absolute and general rule that the amount under suspension should never exceed a year's revenue would be open to objection ; since there are many areas of fertile soil, where there is no irrigation and the rainfall is uncertain in amount, and where, on account of this uncertainty, the revenue is pitched so low, that in a really bumper year the people could pay very much more than the revenue assessed without the slightest inconvenience.

Special scale
for districts.

(iii). It has accordingly been determined that with the previous sanction of the Local Government it may be arranged for any district or portion of a district, that when the arrears under suspension in any village exceed a year's demand or a certain multiple or proportion thereof which shall be defined in each case, the arrears in excess of this amount shall be remitted at once, although they may not have been under suspension for three years. The details of these arrangements will be settled for each district in which suspensions on a large scale are likely to occur

When reporting the collections of suspended revenue which he proposes to make with the Rabi instalment the Deputy Commissioner should also report any recommendation he has to make regarding the remission of arrears.

Control by
Commissioner

577. The initiative which the Deputy Commissioner exercises in regard to suspensions and the collection of arrears is subject to the strict control of the Commissioner. The latter has necessarily a wider experience than most of his deputies, some of whom are sure to be very junior officers. The charge of divisions changes far less often than that of districts. A Commissioner therefore should be able to supply the ripe judgment, and sometimes even the local knowledge, which a subordinate may lack, and can exert his influence to ensure that the policy pursued in different districts, where similar conditions exist, shall follow broadly the same lines. If the question of suspensions and of the recovery of arrears is fully discussed with Deputy Commissioners in the course of a Commissioner's tours, which will naturally often lie through tracts which are suffering or have suffered in the past from short harvests, little subsequent interference with the orders passed by Deputy Commissioners should be necessary. Government expects the Commissioners control of the matters dealt with in this chapter to be strict and that he will not hesitate to modify the Deputy Commissioners' orders both as regards suspension and collection, if they appear to be ill considered or not in accord with the instructions on the subject.

Suspensions
and remission
of cesses.

578. It was formerly the practice in the Panjab that the suspension or remission of a part of the land revenue implied the suspension or remission of a corresponding fraction of the local rate. But in consequence of the orders contained in Government of India, Department of Revenue and Agriculture, Resolution No. 13-356-10 of 21st August

1906 this has been changed. Under existing orders the local rate will no longer be proportionately suspended or remitted with suspensions or remissions of land revenue. Except in a great emergency or unless special measures in any particular case are required, the collection of the local rate will, subject to the exception noted below, be made in full at every harvest, suspensions and remissions falling on land revenue alone. Occasions may possibly arise when the remission of the local rate will be inevitable, but the intention is that under all ordinary conditions the local rate will be recoverable notwithstanding the remission of the land revenue. But when the land revenue demand in any estate has been entirely suspended or remitted, it will be convenient to suspend the collection of the local rate until the next collection of land revenue takes place. Out of the collections then made the local rate demand both current and arrears will first be satisfied, the balance being credited to land revenue. Thus in all but the most exceptional circumstances, if the whole of the land revenue is suspended or remitted, the local rate will be suspended; if only part of the land revenue is suspended, the local rate will be collected; and whenever any part of the land revenue is collected the local rate account will be cleared. These orders do not affect the headman's *pachotra*.*

579. So far we have been dealing with evils of a temporary nature, which can be met by resorting to suspensions, and in extreme cases to remissions of the demand of particular harvests. But where estates are met with in which the revenue is always collected with difficulty it is necessary to enquire whether some more drastic remedy is not wanted. The fact that the Director of Agriculture is bound to specially watch tracts in which symptoms of deterioration appear,† in no way absolves the Deputy Commissioner from the duty of himself detecting at an early stage signs of decay in any part of his district, whether in a single estate or in groups of villages, large or small. And, the fact of depression being proved, a persistent endeavour must be made to find out and apply the proper remedy.

Responsibility of Deputy Commissioner as regards detection of deterioration in estates.

580. As regards each village affected the first step to take is to study the Settlement Officer's note concerning it and the grounds of its assessment. The next is to trace its later history, as evidenced by the annual statements, especially the area, crop, and ownership statements, in the village note-book. The Deputy Commissioner may be fortunate enough to find remarks by some of his predecessors or their subordinates on the state of village in their time.‡ Having thus got a clear idea of the facts, so far as they have been recorded, and having heard what the *tahsildar* and the Revenue Assistant have to say, he will be in a position to make an enquiry on the spot. He may find—

Nature of enquiry.

- (a) that the demand imposed at settlement was from the first too high, and that there has been no growth of assets to make its present incidence fair,

* Financial Commissioner's Circular Letter No. 3, dated 20th April 1907. See as to the village headman's *pachotra*—paragraph 308—and as to the *zaildar's inam*—paragraph 341.

† See paragraph 208.

‡ See paragraphs 404 and 407.

- (b) that the demand was originally fair, but has ceased to be so because the assets have fallen off, or
- (c) that the demand is fair, and the difficulty lies in the character of the people or of the headmen.

Reduction on account of over-assessment.

581. If the assessment of a tract as a whole has worked well, a prudent man will be slow to conclude that the Settlement Officer failed to gauge the resources of a particular estate. But once he is satisfied that over-assessment exists, he should not hesitate to report the fact and propose a reduction. To maintain an excessive demand is unjust to the people and discreditable to the administration. It is also the surest way of involving Government in ultimate pecuniary loss. There is a tendency to think that any revision of assessment, even though it affects but a single village, must be a difficult and intricate business. As a matter of fact it ought to be extremely simple. The elaborate calculations of the value of half the net assets made at a general re-assessment are out of place. It is enough to show that the demand is high compared with that of similar estates in the neighbourhood, whose fiscal history proves that they are properly assessed, and to lower it sufficiently to make its incidence fair as judged by that standard.

Action where difficulty springs from reduction of assets.

582. Where an assessment originally just has become burdensome through a fall in assets, the Deputy Commissioner should ascertain whether the deterioration is due to any lasting or incurable cause, or to one which the landowners can be helped to remedy. In the former case only will he propose to lower the revenue. Where the evil can be cured it is his duty to nurse the estate, helping the landowners to effect improvements by the grant of *takavi*, and during the period of restoration suspending or proposing to remit revenue in harvests in which relief is really required.

Action where difficulty is due to misconduct of landowners.

583. Where the assets are sufficient, but the people are idle and bad revenue-payers they should be treated with firmness. The headmen may be the persons at fault. The action to be taken in such cases has been noticed in paragraphs 518 and 519. If the headman can show that some of the share-holders are to blame, the coercive provisions of the Land Revenue Act should be firmly applied.

CHAPTER XVII.

LAND REVENUE ACCOUNTS.

584. The machinery for checking the collection of land revenue and cesses is excellent, and, if used with care and intelligence, it is easy to prevent fraud and to enforce punctuality. It need only be dealt with very briefly here. For details the reader must refer to Revenue Circular 35. Means of checking collection of land revenue good.

585. All general assessments are made for, and all revenue accounts are kept by, the agricultural year opening with the kharif and closing with the rabi, and for the purpose of collection and balance statements this year is considered to begin on the 1st of October. Accounts kept by agricultural year.

586. In revenue accounts land revenue is classified as fixed, fluctuating, and miscellaneous. Classification of land revenue.

587. The meaning of the first two terms as applied to village assessments has been explained in the XXVIIth Chapter of the Settlement Manual. But their signification for account purposes is somewhat wider. Thus "fixed land revenue" includes not only the fixed assessments of estates announced by a Settlement Officer, but also the income from Government lands leased for a term of years. Of course what a tenant of the State pays for such land is rent, and not land revenue. But it is important to bring on the fixed land revenue roll all items which do not vary from year to year, in order that their realization may be subject to a strict check. As a matter of convenience rents of Government lands generally take the form of a land revenue assessment cesses with the addition of a *málikána* or proprietary fee. Fixed land revenue.

588. "Fluctuating land revenue" falls under two main heads— Fluctuating land revenue.

- (a) Items permanently excluded from the fixed land revenue roll, and
- (b) Items temporarily excluded from it.

The former includes not merely fluctuating assessments of the kinds described in the Settlement Manual, but also collections from estates held under direct management.* Fortunately the latter is a head of account which it is very rarely necessary to employ. An example of an item temporarily excluded from the fixed land revenue roll is the income derived from a lapsed *jagir* till its assessment can be added to that roll. This cannot be done till the orders of the Financial Commissioner have been received on the yearly statement of lapsed assignments in which the resumption has been reported.

589. "Miscellaneous land revenue" is the head under which are grouped receipts of various kinds, some of which are not connected with the land at all. Miscellaneous land revenue.

* See Paragraphs 531—533.

One important head is *tirni* or the income from fees levied for grazing in the vast tracts of Government waste lands, which are so marked a feature of some of the south-western districts.

Accurate demand statement necessary.

590. To ensure the regular collection of the revenue it is essential to have accurate demand statements drawn up yearly and periodical returns of collections and balances. It will be the simplest plan to notice separately the procedure as to each of the three main heads of account.

Fixed land revenue roll.

591. The demand statement is known as the land revenue roll, or in the vernacular as the *kistbandi*. When a general re-assessment of a district has been finished there is no difficulty in drawing up an accurate *kistbandi* showing the demand for the whole district on account of fixed land revenue. After the Settlement Commissioner* has sanctioned the new *jamās* reported in the Detailed Village Assessment Statement* the Settlement Officer prepares—

- (a) A comparative demand statement showing the fixed assessments of each estate in the last year of the old, and in the first year of the new, Settlement ; and
- (b) A list of progressive and deferred assessments, if any, have been sanctioned.

The *kistbandi* for the first year of the new settlement is based on the former of these statements. Copies of both are kept in *tahsil* and district offices for use in preparing future land revenue rolls.†

Alterations in fixed land revenue roll.

592. Additions to the demand are chiefly caused by progressive assessments, lapse of assignments, and alluvion, and deductions from it by the grant of assignments, diluvion, and the taking up of land for public purposes. For each item of increase and decrease the Deputy Commissioner should be able to quote an order of the Financial Commissioner. Such orders are usually passed on periodical statements, for example all lapses of assignments are reported in a single annual return. Great care should be taken to draw up such statements correctly and punctually. It is at this stage that a loophole for future speculation is likely to be left whether by accident or design. If the entries in these periodical statements are trustworthy, the accuracy of the land revenue roll is ensured.

Duties of tahsil and district revenue accounts.

593. At each *tahsil* there is a revenue clerk or *wasil-baki-navis* who keeps the land revenue accounts. The district revenue accountant or *sadr wasil-baki-navis* checks the demand and collection statements which the *tahsildar* submits, and brings all errors and omissions, and all signs of slackness in realization, to the notice of the Deputy Commissioner. He also supplies the figures to be embodied in the demand, collection, and balance statements which the Deputy Commissioner submits to the Commissioner.

Detailed fixed land revenue roll of tahsil.

594. As soon as possible after the 1st of September each *tahsildar* has prepared for his own *tahsil* a detailed *kistbandi*, which shows the fixed land revenue, both *khalsa* and assigned and the local rate

* See Appendix XVII in the Settlement Manual.

† For further particulars see Appendix XVIII in the Settlement Manual.

payable by the landowners of each estate, and the service commutation, if any, due from *jagirdars*. This is sent to the district office, where it is checked by the *sadr-wasil-baki-navis*, countersigned by the Deputy Commissioner, and returned to the *tahsildar* before the 1st of October. It is then the duty of the *tahsildar* to collect at the times when the different instalments fall due the amounts shown in the statement. It is a matter of practical importance that the *kistbandis* received from the *tahsils* should be returned to the *tahsildars* by the 1st of October, for the demand statements in all the *khataunis* should be filled up as regards the principal items, fixed land revenue and cesses, before the first instalment of the kharif demand falls due.*

595. With the help of the detailed *tahsil kistbandi* an abstract land revenue roll showing the total demand for the district is drawn up and submitted through the Commissioner to the Financial Commissioner for sanction. A memorandum of increases and decreases as compared with the *kistbandi* of the previous year is appended to the roll, an order of the Financial Commissioner being quoted as the authority for each change. It is therefore very easy to check the roll and difficult to falsify it.

596. Each *tahsildar* submits monthly to the Deputy Commissioner a *tauzih* or collection statement showing the progress made in the realization of the land revenue, fixed, fluctuating, and miscellaneous, and the balances remaining for recovery. An abstract of these statements is sent to the Commissioner's Office. If the Deputy Commissioner examines this with care before signing it he can see at once whether the collections are backward anywhere and a very little enquiry will elicit the reason. With the *tauzih* of the month in which the last instalment of the revenue of either the *kharif* or *rabi* harvest falls due a village list of balances of fixed land revenue for that harvest is sent up. In the last column of this statement the cause of each balance ought to be briefly explained. Here therefore the Deputy Commissioner ought to find what he wants. When the *tauzih* has been disposed of, the village list of balances is returned to the *tahsil*, and re-submitted with the necessary corrections with each succeeding *tauzih* till the balances have been realized. The district revenue accountant should understand that it is his duty to scrutinize these statements of balances, and himself bring cases of unpunctuality to the Deputy Commissioner's notice.

597. At least once in the year the Deputy Commissioner should himself thoroughly overhaul the revenue accounts in every *tahsil* office. Where this duty is efficiently performed, and the *tahsil* establishment sees that the head of the district understands the method of check and the uses of the different registers and returns, and cannot be put off with perfunctory explanations, peculation will not be attempted, accounts will not be fudged, and any tendency to slackness in collection will be checked.

598. The abstract *tauzih* forwarded to the Commissioner's Office should be carefully scrutinized there before it is sent to the Financial Commissioner as regards collections.

* See paragraph 507.

Commissioner. All the necessary control over the progress of the land revenue collections of a division should be exercised by the Commissioner, and interference on the part of the Financial Commissioner ought not to be required.

Balances of fixed land revenue.

599. During the year causes are sure to arise which justify the failure to collect some part, great or small, of the demand shown in the fixed land revenue roll. A bad harvest may make it imperative to suspend a portion of it. Again land under assessment may be destroyed by river action or purchased by the State. Properly speaking there are only two classes of balances, "recoverable" and "irrecoverable," but a third class is recognized under the name of "undetermined."

"Recoverable" balances,

600. A "recoverable" balance is an arrear which has arisen either because the collection of part of the demand has been suspended by order of the Deputy Commissioner, or because the *tahsildar* has failed to realize revenue as regards which no such order exists. If at the end of the year there are large recoverable arrears not "under suspension" one of two things must have happened. Either the Deputy Commissioner must have failed to suspend revenue which he ought to have suspended, or he has not enforced punctuality on the part of his subordinates. If enquiry shows that the former is really the case, only a weak man will hesitate to repair the blunder by passing the necessary suspension order and reporting to the Commissioner the action taken.

Notes on balances in March and September *tauzih*.

601. On the *tauzih* for the month of March the Deputy Commissioner records a brief note showing what part of the balance of the *kharif* revenue shown is recoverable, and how much of this is under suspension. If a recoverable balance not "under suspension" exists, the reason should be explained. A similar note as to the balances of both harvests should be added to the *tauzih* of the month of September.

"Irrecoverable" balances.

602. "Irrecoverable" balances consist of arrears for whose remission an order of the Financial Commissioner has already been obtained. Familiar examples are the orders passed on diluvion returns or on the annual statement showing reductions of revenue on account of the acquisition of land for public purposes. Or again sanction may have been given to the remission of revenue previously under suspension.

"Undetermined" balances.

603. "Undetermined" balances are simply balances which are in reality irrecoverable, but whose remission has not yet been sanctioned by the Financial Commissioner.

Balance statements.

604. As soon as possible after the end of September reports on the balances of the year which has just closed and on those of previous years are sent to the Commissioner. The object of these statements is to obtain the sanction of the Financial Commissioner for clearing the accounts of balances which cannot be realized. The executive order remitting revenue must be distinguished from the audit order to strike off a balance. The latter cannot be dispensed with, though it is the necessary sequel of the former.

605. When the assessment is a fluctuating one determined by the application of money rates to the acreage of crops which have come to maturity, demand statements are submitted after each harvest to the Financial Commissioner. The demand for the whole year cannot be determined till the spring crop is ripe.

Demand statements of fluctuating land revenue

606. In the case of miscellaneous land revenue the demand statement drawn up at the beginning of the year is a mere estimate which is useless for audit purposes. The amount due under most heads cannot be known when the return is prepared, and in some cases is only ascertained at the end of the year. But, as it is essential to secure that check on collections which an accurate record of the demand supplies, a running register is kept up both in the district office and in each *tahsil*, in which every item of demand is posted as soon as it is known. The total under each head at the end of every month represents the demand to date. The form of this register will be found in Revenue Circular 35. A single example will explain its use. One head of account in the register is "lapsed revenue free holdings." Under this are columns to show the demand and the collections. As soon as the Deputy Commissioner has ordered the resumption of an assignment the file is sent to the *sadr wasil-baki-navis*, who makes the necessary entry in his copy of the running register, and notes that he has done so. The file is then sent to the *tahsil*, where the *tahsil wasil-baki-navis* does the same. No file, which contains an order creating a demand on account of miscellaneous land revenue is accepted in the record room without notes by the district and *tahsil* revenue accountants showing that the demand has been brought to record. The entry in the register is the *tahsildar's* authority for collecting the amount.

Demand statement of miscellaneous land revenue.

607. The demand, collections, and balances under the different heads of fluctuating and miscellaneous land revenue are shown in separate parts of the monthly *tauzih* referred to in paragraph 596. In the case of miscellaneous land revenue the demand entered is the total to date as given in running register.

Tauzihs of fluctuating and miscellaneous land revenue.

608. After the close of the year a single balance statement is drawn up for fluctuating and miscellaneous land revenue. The Commissioner passes the necessary orders, and then forwards the statement to the Financial Commissioner's Office for inspection.

Balance statements of fluctuating and miscellaneous land revenue.

609. The accounts relating to mutation fees are audited by the Director of Land Records and Agriculture.

Mutation fees.

Book V.—State Aid to Landowners.

CHAPTER XVIII.

STATE LOANS TO AGRICULTURISTS.

Large im-
provements
must be made
by Govern-
ment.

610. In a country in which the prevailing land tenure is the ownership of the soil in small parcels by peasants who till their own fields, improvements involving a large expenditure of capital must be made at the cost of the State. To this class belong the great perennial canals, which are a special feature of the Panjab, and have enormously increased its produce. But in addition the peasant proprietors of the province have at their own cost since annexation vastly improved their holdings in many ways, and especially by the construction of wells.

Duty of State
with refer-
ence to im-
provements
made by land-
owners.

611. It is at once the duty and the interest of the State so to regulate its land-revenue assessments as to ensure that improving landowners shall obtain a proper return for their expenditure. It is equally its interest and its duty to advance money for improvements if landowners find it hard to raise loans for that purpose in the open market. The former branch of the subject is dealt with in paragraphs 501—508 of the Settlement Manual; the latter will be discussed in the present chapter.

Why Govern-
ment loans
are necessary.

612. It is notorious that in India, even solvent and industrious landowners can only obtain private loans on very burdensome terms as regards interest. Accordingly the British Government, following the example of Native Administrations* has stepped into the breach, and offered loans for agricultural improvements at a moderate rate of interest fixed with a view not of bringing profit to the Treasury but merely of securing it against the risk of loss. Such State loans are known as *takavi*.

Early rules
on the sub-
ject.

613. The grant of agricultural loans to private person was a feature of our Indian Administration from a very early date. Section XXII of Bengal Regulation II of 1793 forbade Collectors to advance money on account of *takavi* without the express sanction of the Board of Revenue and Section XL of Regulation XIV of 1793 provided that "arrears of tucavy, or any money advanced by Government to proprietors . . . for making or repairing embankments, reservoirs, or water-courses, or other improvements to their estates' might be recovered as if they were arrears of land revenue. Soon after the annexation of the Panjab the Board of Administration announced that it was prepared to sanction advances for the repair of old wells, for the sinking of new ones, and for the excavation of water-courses.† The power of sanctioning *takavi* for works of permanent utility was delegated to Commissioners, but they had no power to give loans for the purchase of bullocks or seed.‡

* Thomason's Directions for Collectors, edition of 1856, paragraph 45.

† Board of Administration Circular No. 41 of 1850.

‡ Board of Administration Circular No. 18 of 1851.

614. Seven or eight years later the system had become dis-credited owing to want of care in working it, and orders were issued to the effect that "the Lieutenant-Governor desires to discourage such advances as much as possible, and in particular deprecates their being made to impoverished villages suffering from over-assessment and entitled to a reduction of revenue, and that henceforth no *takavi* advance shall be made except in cases where security for prompt repayment can be obtained.* The remarks on the subject in Cust's Revenue Manual are coloured by the economic doctrine of *laissez aller* in favour 40 years ago.

System dis-credited in 1859.

He wrote —

"Undue interference with the landowners, though with the best intentions, is to be deprecated and generally fails It is notorious that every village has its banker and as long as credit exists, so long will advances for purely agricultural purposes in ordinary times and in ordinary cases be forthcoming, and the Government had better leave the matter alone As a general rule the practice should be discouraged ; it is one for exceptional periods, and in a newly conquered country. The people should be left to their own resources and credit as regards works of permanent utility. Advances for bullocks and seed are wholly to be condemned. In a financial point of view it must be remembered that we are paying five per cent. for the money advanced, and there is no necessity for the sacrifice."†

These views have long since been abandoned. But even the latest orders of the Government of India, in which a very liberal *takavi* policy is advocated, contain a note of warning—

"The Governor-General in Council thinks it necessary to utter a word of caution against what he considers to be a very real and practical danger, namely, the danger of creating, by too active a policy, a forced and spurious demand for these advances. Even under the most favourable circumstances irrigated cultivation requires, at all events in the case of wells, more capital than dry cultivation ; and in many parts of the country, where the wells are costly and their results uncertain, and where physical conditions make it possible to irrigate only a small area from each well, only the highest form of cultivation, which entails very considerable annual expenditure, is likely to be profitable. In such a case it is worse than useless to encourage a peasant to contract a debt for the construction of a well, the profitable working of which is beyond his resources ; and the Government of India, while they are anxious to see the system of advances administered in a sympathetic spirit and made as simple and liberal and elastic as possible, trust that no excessive inducements will be held out to individuals to apply for loans which they may find it difficult to repay, and that any increase of demand will be spontaneous and therefore healthy."‡

* Book Circular LXXIV of 1859.

† Cust's Revenue Manual, pages 135—138.

‡ Government of India, Revenue and Agricultural Resolution No. 6—204-16, dated 30th November 1905, paragraph 15.

Act XXVI of
1871.

615. The first legal enactment on the subject of loans for agricultural improvements which affected the Panjab was passed in 1871 (Act XXVI of 1871). The verdict on the working of this Act passed by the Famine Commission of 1880 was that "it has failed to realize the intention of promoting improvements, and that there is a very general reluctance to make use of its provisions. The sums which have been advanced under the Act are extremely small, and bear no proportion whatever to the need which the country has of capital to carry out material improvements." Act XXVI of 1871 and the rules under it were needlessly complicated, but it may be doubted whether the failure on which the Famine Commissioners commented was due to that cause. *Takavi* loans will be popular where they are obtainable without much trouble, and without payment of many *douceurs* to the underlings of the Revenue Department, and where the recovery of the instalments is made with consideration in seasons of scarcity. These requirements depend mainly, not on the provisions of any Act or rules, but on the willingness of those responsible for their working to take pains and to exercise a watchful supervision over the proceedings of their subordinates.

Act XIX of
1883.

616. The Act on the subject now in force was passed twenty years ago (Act XIX of 1883). It is a short and simple enactment, and leaves much to be provided for by rules to be issued by the Local Government.*

Persons to
whom loans
may be
made.

617. Loans may be granted for the purpose of making an improvement "to any person having a right to make that improvement, or, with the consent of that person, to any other person."† The 9th section also provides for loans to several persons or to all the members of a village community on their joint liability. In the 7th paragraph of Resolution No. 6—204-16, dated 30th November 1905, the Government of India strongly endorsed the "opinion recorded by the Irrigation Commission (of 1903) that the joint personal security of several persons may often be accepted as sufficient to ensure the repayment of a loan, and recommend for the consideration of Local Governments the rule now in force in Madras to the effect that when a loan is applied for by the members of a village community or by a group of cultivators on their joint personal security, the Collector may, at his discretion, advance on such security an amount not exceeding five times the annual assessment of the land held by the applicants."

Definition of
"improvement."

618. The definition of "improvement" is a wide one and covers much the same ground as that contained in the Tenancy Act.‡ It may be expanded by notification so as to include "such other works as the Local Government, with the previous sanction of the Governor-General in Council, may declare to be improvements.§ The vast majority of the improvements for which loans are taken come under the first clause of the definition, namely, "the construction of wells, tanks, and other works for the storage, supply, or distribution

* Section 10.

† Section 4 (1). As regards the right of tenants to make improvements see paragraphs 78 and 80-81.

‡ Section 4 (2). Compare paragraph 76 of this Manual.

§ Section 4 (2) (f).

of water for the purposes of agriculture, or for the use of men and cattle employed in agriculture.*

619. The period allowed for repayment is ample. It "shall not ordinarily exceed thirty-five years" from the date on which the loan has been completely taken up. The Panjab rules, however, reduce this period to twenty years † except in special cases. In the resolution quoted above it is remarked that "the Government of India are of opinion that in the case of ordinary improvements a twenty years' term for repayment is generally sufficient for the following reasons. An examination of interest tables drawn up to show the amount of the annual or half-yearly instalments required to discharge within different periods a loan of Rs. 100 at 6 or even at 5 per cent will prove that to extend the period of repayment beyond twenty years effects no substantial reduction in the amount of the annual or half-yearly instalment; so that such an extension affords no great immediate advantage to the borrower, while it burdens him for a longer term with the duty of making repayments. A still stronger reason is to be found in the consideration that the amount of funds available for making such loans is limited, and that the rate at which fresh loans can be made depends to a large extent on the rate at which the money already out on loan is repaid to Government, so that it may be utilised by being re-issued in the form of further loans. Thus to extend the term generally adopted for repayment would reduce the number of improvements which could be aided by means of the total sum available, and render it less effective for the purpose in view. The Government of India therefore are of opinion that the ordinary term for repayment should not exceed twenty years, but they have no objection to a Local Government taking the power to grant a longer term in special cases."

620. In order to protect the Treasury from loss and to enable it to lend on easy terms as regards interest, large powers are taken to enforce recovery by executive action. Instalments of principal and interest which are overdue may be realized from the borrower or his surety (if one has been required) as if they were arrears of land revenue due by them. ‡ The land for whose benefit the advance has been made can be dealt with as if it was land in respect of which an arrear of land revenue exists. §

621. In the rare case of other property being hypothecated as security for repayment it can be sold as if it were immoveable property of a land revenue defaulter other than the land on which an arrear is outstanding. || The lien of Government over the land for which the loan is granted and over the property (if any) comprised in the collateral security takes precedence of the right of any mortgagee over it, even though the mortgage be of earlier date than the advance. ¶ In actual practice it is unusual to give *takavi*, unless the land for whose

* Section 4 (2) (a).

† Section 6 and rule 8 issued with Panjab Government Notification No. 79, dated 11th July 1901.

‡ Section 7 (1) (a) and (b).

§ Section 7 (1) (c). See paragraphs 521 *et seq.* of this Manual.

|| Section 7 (1) (d). See paragraph 539 of this Manual.

¶ Proviso to Section 7 (1).

improvement it is required is free from encumbrances, but the provision of the law referred to above makes it needless to institute very elaborate enquiries regarding title. If the surety or the owner of any property hypothecated as collateral security pays an arrear, he can require the Deputy Commissioner to recover the amount on his behalf from the borrower.*

Interest.

622. By the 13th of the rules under the Act† the rate of interest has been fixed at $6\frac{1}{4}$ per cent. or one anna in the rupee. But in any particular case a loan at a lower rate or without interest may be sanctioned by the Local Government.‡ Ordinarily a penal rate of compound interest not less than $6\frac{1}{4}$ per cent. should be charged on overdue instalments, and, if a Deputy Commissioner decides to forego it, he must record his reasons.§ This rule should be worked discreetly. It is futile to charge compound interest on a petty arrear of a few days standing. It is well therefore to tell *tahsildars* what period of grace may be allowed before the penalty is enforced. A fortnight is a reasonable time. In the fourth paragraph of resolution No. 6—204-16, dated 30th November 1905, the Government of India remarked that—“Local Governments should be prepared to remit or reduce compound and penal interest in cases in which they are satisfied that the failure is due to inability to pay and that the levy of such interest would be productive of hardship.”

Allotment of funds, and power of sanction.

623. An allotment of funds for *takavi* is put each year at the disposal of the Deputy Commissioner. So long as this is not exhausted he may make advances not exceeding Rs. 1,000 in each case of his own authority. Larger loans require the sanction of the Commissioner or, if in excess of Rs. 5,000, of the Financial Commissioner.||

Loans should be of adequate amount.

624. Care must be taken in cutting down the amount applied for. The grant of an inadequate sum defeats the object of the Act, and is very likely to lead to the misapplication of the loan. It is better to refuse an advance outright than to give one which is not sufficient to ensure the completion of the projected work.

Collateral security not usually required

625. The applicant's interest in the land to be improved is usually amply sufficient to cover the loan, and, when this is the case, no collateral security need be required.¶

Repayment.

626. A loan may be made in a lump sum or by instalments. Repayment should not begin until, assuming reasonable diligence on the part of the landowner, the improvement will yield a return. “The Government of India think that within reasonable limits the convenience of the borrower may be consulted, and that the object should be to ensure that payment, either of principal or interest, is never exacted before the date when, by the exercise of such due diligence as may reasonably be expected of an Indian peasant, the profits of the improvement might be expected to cover the payment. This

* Section 7 (2).

† Panjab Government Notification No. 79, dated 11th July 1901, reproduced in Revenue Circular 55.

‡ Rule 13 (b).

§ Rule 13 (c).

|| Rule 1.

¶ Rule 6 (a).

period of grace should not, however, exceed 2½ years in any case, and interest should be charged during its currency." (Resolution No. 6—204-16, dated 30th November 1905, paragraph 6.) Instalments are recovered half-yearly on the dates on which the first instalment of the land revenue of each harvest falls due. Repayments are so arranged as to permit of the realization of an equal sum in each half-year.* Recoveries may not be spread over a period of more than twenty years except with the sanction of the Local Government.† A less term is often sufficient, and the rules require advances to be repaid within as short a period as is consistent with the object for which they are made.

627. The spreading of repayment over an unnecessarily long period means actual loss to the borrower on account of increased interest charges. When the full term of twenty years allowed by the rules is fixed the sum recovered on account of interest is equal to the principal, and the equated half-yearly payment on account of principal and interest in the case of a loan of Rs. 100 is Rs. 5. On the other hand the borrower can repay the loan in ten and fifteen years by half-yearly payments of Rs. 7-11 and Rs. 5-14, respectively (see table appended to Government of India Resolution No. 6—204-16, dated 30th November 1905). If this is understood by the borrower, the first thing to consider is his reasonable wishes. If the security is good, there is no great object in increasing or curtailing the period of repayment which the borrower desires and for which he can give good reasons. The matters which should weigh with him and with the Deputy Commissioner are the cost and durability of the improvement made, the necessary expense of maintenance, the rate and amount of the probable return, and the period from which it will begin to accrue. The debtor can of course at any time repay the whole amount still due on the loan, and thus close the transaction.

628. We have seen that the law has supplied the Deputy Commissioner with very powerful weapons to enforce the repayment of loans. But it is only in the rarest instances that resort to them is necessary, and *takavi* is generally recovered with ease and regularity.

629. The Deputy Commissioner may order the suspension of any instalment in consequence of the failure of crops or any other serious calamity, reporting his action to the Commissioner.‡ "Suspension should be given without hesitation, whenever from causes beyond the borrower's control his crops fail to such an extent as to render the payment of the instalment unduly burdensome to him; whenever suspensions of revenue are granted on a large scale over a wide area they should carry with them automatically suspensions of the *takavi* instalments which may be due the same year; the officer who has authority to grant the loan should also have authority to grant suspension; and the suspended instalment should not be made payable in the ensuing year with the instalment of that year, but the effect of suspension should be to postpone for

* Tables to assist in the calculation of the amount of principal and interest to be recovered with each instalment are given in Revenue Circular 55.

† Rule (8).

‡ Rule 15.

one instalment period the payment of all remaining instalments due on the loan. When a man borrows money he should be required to repay the loan with interest ; but time should be given him to make those repayments in such a manner as will not be ruinous to him. As regards remissions, the Government of India are of opinion that it is a sound principle not to remit repayment of a loan so readily as remissions of ordinary land revenue are granted, and that as a general rule the risk of the failure of an improvement should be borne by the borrower, as this affords the best guarantee that the money will be judiciously applied" (Government of India Resolution No. 6—204-216, dated 30th November 1905.) The Commissioner can sanction remissions not exceeding Rs. 250 in each case. For larger amounts the orders of the Financial Commissioner are required.*

Remarks on procedure.

630. The rules have been framed with the object of making the grant of loans prompt and easy. To ensure that this object is not defeated the Deputy Commissioner should set his face against all vexatious formalities, and especially against repeated summonings of the applicant to the *tahsil*. There is no reason why an ordinary *takavi* case should occupy more than three weeks from first to last. Revenue officers of any grade can receive applications, which may be written or oral.† In the case of the latter a few questions put to the applicant by the revenue officer will enable him or his reader to fill up the very simple printed form of application. On the back of that form there is a note stating the different points regarding which a report is necessary. Landowners should be encouraged to present their applications to revenue officers in camp in order that the enquiry may be made at once, and that the necessity of summoning the applicant and his headman to the *tahsil* may be avoided. In an ordinary case the simple enquiry called for can be made with the greatest ease. All that is required is for the revenue officer to see the land for whose improvement the loan is asked, to obtain an extract from the entries regarding it in the last annual record, and to put a few questions to the applicant, the village headman, and the *patwari*. The Government of India have authorized a system of employing selected officers to take money into camp and disburse loans on the spot.‡ If however the necessary information cannot at once be obtained, the enquiry can be made by a field *kanungo*, if the loan does not exceed Rs. 300. The *tahsildar* must state in his report whether the applicant wishes to receive payment at the *tahsil* or at the *sadr*. In the former case his attendance at the district office is usually quite unnecessary. When the *tahsildar* decides to recommend the loan he sends the file to the district revenue accountant (*wasil-baki-navis*), and, if the applicant is to receive the money at the district office, gives him a slip containing the date on which he is to appear before the Deputy Commissioner. The date should be so fixed as to give the revenue accountant time to check the file carefully before it is brought before the Deputy Commissioner for orders.

* Rule 16.

† Rule 3.

‡ Government of India, Revenue and Agricultural Department, Resolution No. 2—413-2 of 1st March 1905. Compare paragraph 11 of Resolution No. 6—204-16 of 30th November 1905.

631. The order of the Deputy Commissioner is in a prescribed form, at the foot of which is a statement over the signature of the borrower that he has understood and agreed to the conditions stated in the order. One of these is that the loan shall be applied solely to the purpose set forth in the order, and that, if any part of it is misapplied, the whole shall be at once recoverable. The Deputy Commissioner may, and as a rule ought to declare in the order the period within which the work must be completed. If he does so, failure to finish it in the time specified is declared to amount to misapplication. Of course a condition of this sort must be enforced with great discretion. Order sanctioning loan.

632. Works which are being constructed with the aid of *takavi* loans ought to be inspected from time to time by revenue officers. When they go into camp they should take with them a list of all unfinished works for which loans have been granted in the tract which they mean to visit, and make a brief report of the state of each work to the Deputy Commissioner. Works for which advances have been made in a lump sum should also be inspected and reported on as soon as possible after the date (if any), on which their completion was directed in the order granting the loan. In the case of an advance made by instalments the work should be reported on before each instalment subsequent to the first is paid. Great care must be taken that the completion of the work is not delayed because the inspection preliminary to the payment of an instalment is not made promptly. If the Deputy Commissioner is satisfied that the first instalment has been misapplied, he should order it to be recovered, and make no further payment. Inspection of works.

633. The Agriculturists' Loans Act, XII of 1884, which replaced an earlier Act X of 1879, enables the Local Government, with the previous sanction of the Governor-General in Council, to make rules as to the grant of loans "to owners and occupiers of arable land for the relief of distress, the purchase of seed or cattle, or any other purposes not specified in the Land Improvement Loans Act, 1883, but connected with agricultural objects."* As in the case of a loan under Act XIX of 1883, an advance may be made to several persons or to all the members of a village community on their joint and several responsibility.† Act XII of 1884.

634. It has been ruled that "the relief of distress" means "the relief of *agricultural* distress, that is to say, distress directly due to calamity in agriculture, such as the destruction of crops by drought or floods, hail or blight, or the loss of cattle by disease. It must be satisfactorily shown that the distress to be relieved is directly traceable to the failure of some agricultural process, or to damage to crops, articles of husbandry, or cattle." The words "any other purpose not specified in the Land Improvement Loans Act, 1883, but connected with agricultural objects" must be interpreted as referring to purposes directly connected with agriculture and its processes. They would cover, for example, the advance Objects for which loans may be made.

* Section 4.

† Section 6.

of money to buy agricultural implements, such as a sugarcane mill, or to construct indigo vats. But a loan to a village community to enable it to build a new *abadi* on a healthier site would lie outside the scope of the Act. Doubtful cases should be referred to the Financial Commissioner.

Advance to tenants-at-will.

635. Advances may be made to tenants-at-will, as well as to owners and occupancy tenants. In a tract where much land is mortgaged to money-lenders the case of such tenants is a difficult one to deal with. The mortgagees will very likely refuse to supply seed themselves or to be sureties for the repayment of advances to be made by Government to their tenants. And in the case of a landless man it is not safe to grant even a small loan without security.

Arrears recoverable like arrears of land revenue.

636. Like Act XIX of 1883, the Agriculturists' Loans Act of 1884 provides for the recovery of overdue instalments of principal and interest from the borrower or his surety as if they were arrears of land-revenue due by them.* It makes no allusion to the hypothecation of immoveable property as security, and this should rarely be required.

Term of loans.

637. A maximum period of ten years is allowed for the recovery of a loan.† But ordinarily advances for the purchase of seed should be repaid from the crop produced from the seed and those for the purchase of plough cattle within two years.‡ In practice loans under the Act are almost invariably made for one or other of these purposes.

Interest on, and recovery of, loans.

638. The rules§ as regards interest, and recovery, suspension, and remission, of loans are practically the same as those dealing with the same matters issued under Act XIX of 1883. No interest is usually charged on small advances repaid within twelve months. Where interest is paid the rate should be 6½ per cent.||

Use made of the Act.

639. It is not the object of Act XII of 1884 to supplant the village *sahukar* as the source from which the peasant landowner draws the small temporary loans which he constantly requires in carrying on his business. It usually comes into play when the village bankers have for the time being ceased to lend altogether. Hitherto therefore no great use of the Act has been made except in seasons of severe and prolonged drought. Small capitalists in rural districts are a very timid race, and the difficulties under which the people labour at such a time are much aggravated by the drying up of credit. Unless therefore the State came to their aid, tracts which have suffered from scarcity would recover slowly even on the advent of better seasons, and many a man would be ruined outright for want of a little ready money at a critical period to provide himself with the means of tilling his fields. It remains to be seen whether any such

* Section 5.

† Rule 6.

‡ Ditto.

§ Rules 5 and 7—10.

|| In paragraph 11 of Government of India Resolution No. 6—204-16, dated 30th November 1905, the opinion is expressed that "as a general rule it is good policy to require a borrower.....to pay a fair rate of interest....., and that, save in very exceptional circumstances, the same rate of interest should be charged as is charged on loans made for the improvement of land".

change in the relations between landowners and money-lenders will be caused by the Panjab Alienation of Land Act as to make it necessary to employ Act XII of 1884 more freely in ordinary times. The latest orders of the Government of India certainly encourage liberal advances under the Agricultural Loans Act "where funds are available" even in ordinary times.*

640. Care should be taken only to make these advances at a time when they can immediately be put to a profitable use, otherwise they are sure to be misapplied. Loans for the purchase of seed should only be made when the land is irrigable, or has received from rain, floods, or percolation sufficient moisture for the seed to germinate. It is useless to advance money for the purchase of plough or well cattle unless the borrower has the means of keeping them alive. The want of fodder is one of the worst evils from which drought-stricken tracts in the Panjab suffer, and it is the evil with which Government finds it most difficult to deal.

641. Special caution is necessary in granting loans for the replacing of cattle which have died from rinderpest. The virus of that disease retains its vitality for at least seven or eight months. All the discharges from an infected animal during its illness contain the poison in large quantity. It is therefore worse than useless to help the owner to buy healthy stock unless his village has been free from disease for about a year, unless it is certain that disinfection has been thoroughly carried out.

642. Experience has shown that, when fodder becomes excessively dear in one part of the province, it can be profitably imported by rail from a considerable distance. If it is obtainable in this way, but only at a price which is beyond the means of the poorer landowners, it is reasonable to make small advances to enable them to buy the food necessary to keep their plough, and more especially their well, bullocks alive. The main object is to help men who have managed to start a *rabi* crop on their wells, to work them till the crops are ripe. As regards plough cattle the need is less urgent. Before granting advances for feeding them one must consider whether they are required on the spot at the time. If not, it is better that they should be driven away to some tract where grass is procurable. It is the custom where herds are kept for pastoral purposes to drive them in seasons of drought into the low hills or the river valleys. There is therefore no object in giving *takavi* to graziers. Loans for the purchase of fodder should only be made—

- (a) in small sums not exceeding Rs. 20 in each case, or, if the advance has to be repeated, on each occasion;
- (b) on condition of repayment without interest out of the next crop;
- (c) between the 15th of December and the time when the ripening of the *rabi* crop is secured.

643. It is essential that advances under Act XII of 1884, which are usually small in amount, should be made without any delay.

* Resolution No. 6--204-16, dated 30th November 1905, paragraph 11.

Advances for purchase of seed and cattle.

Caution as regards loans in tracts afflicted by rinderpest.

Advances for purchase of fodder.

Procedure must be exceedingly prompt.

A poor man who wishes to take advantage of long looked for rain to plough or sow his fields cannot wait while files are being sent backwards and forwards between the *tahsil* and the district office. The rules, therefore, provide that the Deputy Commissioner may, with the previous sanction of the Commissioner, empower any of his staff of Assistant Collectors from the Revenue Assistant down to a *naib-tahsildar* to sanction loans not exceeding in each case Rs. 100 for cattle and Rs. 20 for seed.* He should satisfy himself that the selected officer understands fully the circumstances under which loans should be made. It is a good thing to let him take the money which is likely to be required into camp and distribute it on the spot. This plan for the distribution of *takavi*, which has been sanctioned by the orders referred to in paragraph 630, is particularly suitable in the case of advances under Act XII of 1884. The money required can be drawn on abstract bills and accounted for in the same way as contingent expenditure.†

Employment
of special
officer.

644. When the total amount to be advanced will be large the Commissioner may find it necessary to apply to the Local Government to post an additional Extra Assistant Commissioner or *tahsildar* to the district. He can be given the powers of a Deputy Commissioner under the rules, but will of course be as completely under the orders of the district officer as any other member of his establishment. If the extra officer has no previous local experience, it will usually be best to make him relieve one of the ordinary district staff who can then be employed solely on *takavi* work.

Further
orders of
Government
of India.

645. Having explained the extent to which the state is prepared to advance money to agriculturists in ordinary times it remains to quote the recent orders of the Government of India as to free grants for the encouragement of irrigation works in very insecure tracts and as to loans in anticipation of or in presence of famine. These are contained in the 10th and 12th paragraphs of the Resolution from which several extracts have been given in this chapter.

Grants in aid
of irrigation
works in in-
secure tracts.

646. "The Irrigation Commission (of 1903) have made certain proposals with the view of encouraging irrigation in specially precarious tracts. They recommend that in selected areas, which have suffered severely in recent famines and have not since obtained by irrigation or otherwise protection sufficient to guarantee them against the recurrence of similar calamities, landowners should be encouraged to apply for loans on ordinary conditions sufficient to pay for a portion of the cost of the contemplated improvements, and that Government should make a free grant of the remainder of the cost, the proportion of the free grant to the total cost depending on the property of the applicant and the marginal profit from irrigation, the suggested maximum being half the total amount required up to a limit of Rs. 500. The Government of India have no objection to free grants being made under such circumstances, *i.e.*, when they are applied to works the success of which is calculated to reduce future expenditure on famine relief."‡

* Rule () Applications may be sent by post (Rule 8).

† Financial Commissioner's Circular Memo No. 1, dated 18th September 1905.

‡ Any grants that may be made are chargeable to provincial revenues.

647. "The foregoing considerations are applicable to the case of loans made in ordinary times, and it remains to consider the case of loans made to agriculturists in anticipation of scarcity or during the currency of famine. As regards such loans the Government of India agree with the opinion expressed by the Famine and Irrigation Commissions that loans to agriculturists are especially required in the very early stages of famine as a measure of moral strategy and to put heart into the people, and that a system of advances when made in good time and with prudent forethought is a most efficient form of relief, and one which can to a very great extent be freed from the pauperizing influences of State charity. These principles have been incorporated in the revised Famine Codes and will no doubt be acted upon when occasion arises. It has been usual in most provinces to make advances in famine times on low interest or free from interest altogether, and to remit them with great generosity. The Government of India however agree with the Famine Commission that this is mistaken charity, likely to demoralise the people. They are of opinion that these advances should always carry interest at the usual rate, and that while due regard should be paid to the subsequent seasons and the circumstances of the borrowers, repayment of these loans should take precedence of the recovery of arrears of land revenue. If it is necessary to grant some remission, it should take the form of a remission of land revenue, and the loan with interest should be recovered; or if this will involve great hardship, a portion of the loan itself, and not merely the interest, should be remitted. In times of famine in place of granting loans free of interest, the system of making free grants in addition to repayable loans, already alluded to, may be freely utilised. Advances may be made to landowners for the construction of private works to enable them to give employment to the poor, a portion of the advance being made in the form of a loan repayable with interest on ordinary terms, and the remainder in the form of a free grant-in-aid from famine funds, to be spent on the employment of labour in accordance with the system of "Aided Village Works," for which provision has been made in the revised Famine Codes. In such times a similar system may be adopted as regards advances for the purchase of seed, fodder, or cattle." Loans in times of famine.

CHAPTER XIX.

RURAL CO-OPERATIVE CREDIT SOCIETIES.

European
agricultural
banks.

648. The indebtedness of peasant landowners had been quite as sore an evil in some parts of Europe as anywhere in India. There, as here, the question of providing cheap and safe credit has loudly demanded an answer. In Germany, Italy, and to a less extent in some other European countries, a system of co-operative credit societies, shortly known as "village banks," has done much to solve the problem, or at least to show how it can be solved. An account of these European Associations, which were slowly developed by the efforts of men like Raiffeisen in Germany and Luzzati in Italy, will be found in Mr. Nicholson's "Report regarding the possibility of introducing Land and Agricultural Banks into the Madras Presidency," or in a more popular form in Mr. Duperon's "People's Banks in Northern India." Self-help is infinitely better than State aid, and the Italian and German village banks have done for their members far more than any system of *takavi* can do for the peasant owners of the Panjab.

Possibility of
introducing
such banks
into India.

649. The question of the possibility of introducing into India a plan which has succeeded so well in Europe has been much discussed of late years, and some experiments have been made. The matter is too important to be passed over without notice. But no attempt will be made to do more than in the first place to explain with the utmost brevity the object and constitution of a village bank, secondly, to sketch the history of the discussion referred to above, thirdly to describe one or two societies of this description which exist in the Panjab, and lastly to notice shortly certain conditions which must be fulfilled if village banks are to succeed, and the way in which these have been dealt with in the legislation on the subject recently under-taken.*

Nature of
"rural banks."

650. The business of these co-operative credit societies is not strictly speaking banking. But that being understood it will be convenient in the sequel to describe them by the term "rural banks." A rural bank then is a voluntary association of respectable agriculturists dwelling in the same locality † formed for the purpose of lending money on reasonable terms to its own members. ‡ The best form of rural bank is that in which the capital is obtained by the subscriptions of the members. But, even if a bank makes its loans out of borrowed capital, it can afford to give its shareholders advances at a lower rate of interest than they would have to pay if they resorted to an outside money-lender.

* The chapter was written some years before the publication of the manual.

† Section 3 (1) (a) of the Co-operative Credit Societies Act (X of 1904). References to sections in this chapter are to sections of that Act. "In a rural society not less than four-fifth of the members shall be agriculturists." [Section 3 (2)].

‡ Section 10 (1).

651. In the first place the joint credit of the members of such an association is much greater than the credit of any single member. Borrowing at a low rate of interest, it can afford to re-lend at a higher, but still moderate rate, because the exact knowledge which the Committee of Management has of the character, the needs, and the resources of every shareholder enables it to give to each borrower no more and no less than he requires and can be trusted to repay. Again, one great reason of the high rate of interest charged by Indian money-lenders is the dishonesty of their debtors. But a peasant who will do his best to cheat a *sahukar* will act fairly by his own fellow-tribesmen united in a society of which he himself is a partner, just as a gambler, who may think little of defrauding his tailor, will not fail to pay his losses at his club card table.

Why rural banks can make loans at moderate rates.

652. If co-operative credit ever takes root in Panjab villages, the associations formed will not be of a single model or follow exactly any European type. But the form of rural bank which possesses most of the features one would like to see reproduced here is that devised by Raiffeisen. The following account of the Raiffeisen credit unions is therefore interesting: "Originating in Germany in 1864 the progress was slow until 1879, but from that time the increase has been very rapid, until now the unions number probably above 2,000. In the small Kingdom of Wurtemberg alone, hardly larger than a Madras district, there were in 1891 no less than 477 rural banks of this class. The effect on the members is described as marvellous: usurers have been ousted, the peasants taught both to save and to use savings productively, the spirit of association developed, habits of business inculcated, and new methods of economic and social progress encouraged. The following are the chief features of the average society,—it is absolutely local; administration is gratuitous; share capital is kept low, the guarantee being the solidarity of members; all profits go to the reserve; loans are confined to members and may be of long term; and as far as possible all funds are the result of local thrift. These conditions excite local confidence and hence draw in local capital; there is an exact knowledge of clients and a powerful public opinion both working against fraud; petty business is not discouraged, but rather preferred; the productive use of loans can be watched; small plots of land falling in as security can be utilized advantageously; there is a steady educative influence in thrift, association, and self-help; and there is a tendency to develop high forms of public and private character."* It may be added that good character is an indispensable qualification for membership.

Best form of rural bank for Panjab.

653. It is more than 20 years since the question of agricultural banks was first discussed in India. At that time the indebtedness of the Deccan ryots and the bad relations existing between them and the foreign usurers settled in their villages, forced itself on the attention of Government, and led to the special legislation embodied in the Dekkhan Agriculturists' Relief Act (XXII of 1882). About the same time a Bombay Civilian, Mr. (now Sir William) Wedderburn, advocated the

Discussion of subject in 1883 bore no immediate fruit.

* See paragraph 5 of Madras Government Order No. 701 Revenue, dated 18th October 1892, reprinted in Panjab Government, Revenue Proceedings, No. 2, of January 1901.

establishment of agricultural banks. Provisions on the subject were actually included in the first draft of the Bill which in its final form became the Land Improvement Loans Act, XIX of 1883. But the views of the Secretary of State of the day were not favourable to the grant of any State aid for such an enterprise. He rejected a proposal of the Government of India for the establishment of an experimental agricultural bank in the Poona district on the ground that Government would provide, at least in the first instance, a great part of its capital, would grant to the bank certain privileges, and would in the last resort collect its debts.*

Mr. Nicholson's report to the Madras Government.

654. The question slept for some years after this rebuff. But in 1892 the Madras Government put Mr. Nicholson on special duty to enquire into the possibility of introducing a system of agricultural banks into that presidency. His elaborate report was reviewed in 1896 by the Madras Board of Revenue, and three years later the Madras Government submitted a copy of its order on the subject to the Government of India.

History of discussion since 1900.

655. The discussion of the question in the Panjab had its origin in a letter addressed in October 1900 by the Supreme Government to the Local Government, in which it declared that "the possibility of encouraging the organization of village banks on the principles of co-operative credit explained by Mr. Nicholson is worthy of serious consideration."† In June 1901 the matter was reported on by a Committee appointed by the Government of India. Some further discussion followed, and finally in 1904 the Co-operative Credit Societies Act (X of 1904) was passed.

Experiments in the Panjab.

656. In 1898, before there was any public discussion of the subject in this province, one or two small rural banks had been started in the Multan district under the auspices of its Settlement Officer, Mr. MacLagan. Soon after Captain Crosthwaite, who had been Mr. MacLagan's Assistant in Multan, on becoming Settlement Officer of Dera Ismail Khan, induced the landowners of several villages now belonging to the Mianwali district to form associations of the same sort. It is still more interesting to note that six years earlier, at the very time when the Madras Government entrusted Mr. Nicholson with his mission of enquiry, a Rajput village headman of Panjavar in the Hoshiarpur district, who had never heard of Raiffeisen, was organizing a co-operative credit union on very sound principles.

Mr. MacLagan's account of rural banks in Multan.

657. The following extracts are taken from a *résumé* of Mr. MacLagan's evidence annexed to the report of the Committee mentioned in the last paragraph, and from an account of the Panjavar Association given in 1901 by the late Mr. A. Anderson, Commissioner of Jalandhar :—

"The first Association which was started (among the Pannu tribe) failed to take shape owing mainly to difficulties with the *banias*; but

* Despatch No. 95, dated 23rd October 1884.

† See Panjab Government, Revenue Proceedings, Nos. 1—3, of January 1901. The very able criticism to which the Madras Board of Revenue subjected Mr. Nicholson's proposals should be read by every one who wishes to see rural banks established. It is a condition of success to understand the strength of the opposing position,

two others, one among the Nuns and one among the Saiyyids, seemed to have taken root. The former had in 1899 57 members and the latter 37. In both cases the members were all proprietors belonging to the same Muhammadan tribe. About half a dozen of them were well off, the rest were poor and in debt. The poorer brethren were, however, willingly admitted and without any outside pressure being brought to bear. So far as the richer men were concerned, the Association no doubt rested to a large extent on philanthropy, though such Associations would of course give them influence in their villages. The members of both Associations were all Muhammadans, but they appeared to have no objection to lending on interest, provided that the interest was credited to the common fund. The system on which the Associations were worked was as follows. The Association was managed by a *panchayat* elected when the Association was first started and followed generally some rules drawn up by himself and Captain Crosthwaite. The members subscribed after each harvest a certain fraction of their produce, the proportion which each man was to contribute being fixed by the Association. The crops from which subscriptions were collected were as a rule wheat, rice, indigo, and barley, but if in any year the harvest was a failure, no collections were made in that year. The usual proportion fixed was one seer for each maund of produce. Practically the portion subscribed by each member was 2½ per cent. of crops which did well. In 1899—a famine year—no subscriptions were taken. The grain subscribed was collected and sold as opportunity occurred. Of the proceeds, part was put in the Post Office Savings Bank and part was given out to poorer members on loans. The rate of interest charged was one seer for each rupee lent. But as a matter of fact loans had only been made in 1893 and up to date the operations of the Associations had mainly been directed to the accumulation of capital, with the avowed object (among others) of redeeming land belonging to the tribe. One of the Associations had already accumulated capital to the extent of Rs. 2,000. It was however proposed to again make loans after the present harvest. There was a certain amount of slackness in the working, and delay in the payment of subscriptions and in the recovery of the loans, but so far no difficulty had arisen from defaulters. If any such difficulty did arise, the influence of the *panchayat* would probably suffice to secure the recovery of the loan without appeal to the courts. They would probably proceed themselves to take the amount of grain due from the defaulters' heap. Accounts were kept, but there was no regular audit. The *tahsildar*, however, made general enquiries from time to time to see that matters were going on all right. Mr. MacLagan stated that in his opinion the results so far were distinctly encouraging."

658. "This association is based on an agreement entered into in 1892 by the proprietors of Village Panjawan in the *Una tahsil*, by which they entrusted the management of the common land of the village to six of their number for a term of 30 years. The appointment is honorary, no remuneration whatsoever being allowed. Vacancies are filled by the votes of the proprietors, each having only one vote, whatever be the extent of his individual share. This Executive Committee is invested with power—

Mr. A. Anderson's account of the Panjawan Association.

a) to grant leases of the common land,

- (b) to keep accounts of receipts and disbursements, to be audited half-yearly and submitted to a meeting of the general body of proprietors,
- (c) to invest income—
- (1) in the purchase of land ;
 - (2) in the improvement of the common land ;
 - (3) in acquiring the mortgage rights over land in the village which has been mortgaged ;
 - (4) in loans at reasonable rates of interest—8 per cent. is considered reasonable.

The agreement provides for the partition of the common property at the expiry of the 30 years, but implies that there must be at least a majority in favour of dissolution ; no division of profits is allowed ; the whole income is to accumulate for 30 years. Rules of business are laid down, providing for the institution of civil suits, custody of cash and of grain, audit of accounts, powers of the committee, vacation of office by members, and the appointment of successors.

The objects of the association as explained to me by a co-sharer were :—

- (a) to prevent disunion among the proprietors ;
- (b) to enable each proprietor to have his proper share of the income from common land without resorting to its partition ;
- (c) to improve the common land by planting trees, conservation of the waste, and so on ;
- (d) to prevent strangers from acquiring lands in the village either by sale or by mortgage ;
- (e) to relieve proprietors and tenants by lending money at 8 per cent. per annum.

In addition to these objects which are detailed in the agreement, the committee has also, with the approval of the people, charged itself with the duty of regulating ceremonial expenditure, of settling disputes in the village, of giving advice and warning in regard to conduct, and of protecting the non-proprietary body against money-lenders and even against proprietors.

* * * * *

My latest information, which is about a year old, shows the following state of the accounts :—

	Rs.
(1) Deposited with a banker ...	1,500
(2) Loans secured on land ...	3,680
(3) Unsecured loans ...	2,140
(4) Arrears of rent, &c., &c. ...	1,027
(5) Cash with the Treasurer of the Association ...	5
Total	8,352

There is now only one mortgage held by a stranger, and it is only the delay in completing some legal formalities that prevents the committee from redeeming the mortgage.

* * * * *

The Panjavar Association is a co-operative land bank with the common land as the capital. It complies in almost every respect with the Raiffeisen Bank :—It is purely local ; there is joint responsibility and unlimited liability ; there are members' shares, but they are ignored ; no dividends are paid, nor are salaries allowed, and all profits go to the reserve ; the object is the economic improvement of the agricultural community, and the association has a tendency towards the moral improvement of the members. The only contribution made by the members of Raiffeisen Banks is a reputation for honesty and fair dealing ; but in Panjavar the members contributed their shares in the common land which, though of little value to individuals, formed a sufficient capital and obviated the necessity of borrowing. This is the special feature of the association, and suggests a basis on which societies may be formed in other villages.”

659. It remains to notice the principal questions which arise in connection with rural banks. Experience alone will show what the true answer to some of these questions is, and Act X of 1904 wisely recognises this and leaves much to be dealt with by rules and bye-laws.* These problems may be divided into two groups,—the first concerned with the conditions essential to the successful working of such societies, and the latter with their relations to the State. Under the former head the chief matters are the conditions of membership, the extent of the liability which the members should undertake, the source from which the capital of the association should be derived, the objects for which it should be used, and the use to be made of any profits that may accrue.

Questions connected with rural banks.

660. It is essential that all the partners in a rural bank should be known to the Managing Committee ; it is desirable that they all should be known the one to the other. Hence membership must be confined to persons living in the same neighbourhood, and preferably to those dwelling in the same village. It is well that all should belong to the same social class, and, where circumstances permit, to the same tribe. The influences which promote fair dealing between man and man will in that case be felt in their full strength.† Each partner should have more or less of the one valuable security which the ordinary peasant possesses. In other words, the society should be confined to landowners, or to landowners and occupancy tenants. A perfect association would be one where all the landowners of a village were of one tribe, and which embraced them all. The income derived from the common lands and the other receipts which form part of the village *malba* would then naturally be included in the bank's capital. But of course some

Membership should be confined to persons having an interest in land, living in same locality, and belonging to same tribe or social class.

* See Section 27, and paragraphs 10 and 25, of Government of India, Revenue and Agricultural Department, Resolution No. 1—63-3, dated 29th April 1904. In special cases the Local Government may exempt a society from any of the provisions of the Act (Section 29)

† Section 3. See also paragraphs 13-14 of Government of India, Revenue and Agricultural Department, Resolution No. 1—63-3, dated 29th April 1904.

proprietors may choose to stand aloof, and the members must have power to exclude any one of doubtful character.* The need of exercising such a power would, however, rarely arise in a society organised on tribal lines. To prevent jobbery or the working of the society in the interests of a powerful clique or individual, each member has only one vote.†

Liability of members should be joint and unlimited.

661. The liability of the members should be joint, and it should be unlimited.‡ In other words, they should be liable for any money the bank may borrow from the State or from private individuals to the same extent as the members of a village community are in law liable for the payment of the land revenue. The credit of a society of owners of land organised on this basis is bound to be excellent, if most of the land is unencumbered.

It is best that all capital should be supplied by the members.

662. But it is far better that the capital should be supplied by the members themselves.§ When it is borrowed, the lesson in thrift, which is the greatest boon which these banks can confer on a people, is in great measure lost. Moreover, men who are handling their own money will be far more careful in the lending of it and far more keen about its recovery than men who are dealing with borrowed capital. The *malba*, or the share of it belonging to the members of the society, supplemented by contributions, mostly in grain—collected at harvest time, may well form the capital of a rural bank. The peasants of the Panjab are perfectly familiar with the setting aside of small shares of each crop for special purposes. It may be urged that rural banks, which depend on the resources of their own members, can only carry on business on a petty scale, and that failing outside help few will at present be founded. The former is at first an advantage considering the novelty of the business and the prevailing lack of education. The latter need not perhaps trouble us much. Even with the advantage of Western experience it is folly to hope to do in the East in nine or ten years what it has taken half a century to do in Europe.|| The time may come when the money of village *sahukars* and of the State may with advantage to all parties reach the land-owners through the channel of well-established village banks.¶

Object of loans.]

663. There is a good deal of difference of opinion as to the objects for which loans should be granted. Some think they should be limited to those for which *takari* is now given, others that they should include all those for which an ordinary peasant usually needs advances, two of the chief items of course being the payment of the land revenue and expenditure on marriages. Unless the bank's field of operations extends sooner or later as far as this, it cannot make its

* Section 4 (b). See also paragraph 15 of Government of India, Revenue and Agricultural Department, Resolution No. 1-63-3, dated 29th April 1904.

† Section 13 (1).

‡ Section (a).

§ Section 9.

|| See however paragraph 667.

¶ Section 9 provides that "a society . . . may borrow from persons who are not members only to such extent and under such conditions as may be provided by its by-laws or by rules made under the Act." See also as to borrowing from private persons paragraph 17 of Government of India, Revenue and Agricultural Department, Resolution No. 1-63-3, dated 29th April 1904.

members independent of the professional money-lender.* A society which advanced money to its own members for marriage expenses would probably exercise a strong influence in limiting their amount. A society must not take ornaments or other moveable property in pawn without the permission of the Registrar (see paragraph 670), which may take the form of a general order.† The releasing of land from mortgage would appear to be one of the most beneficial objects on which a rural bank could employ its funds. But the Local Government may forbid or restrict loans on the security of immoveable property.‡

664. For a considerable time at least after the foundation of a bank there should be no division among the partners of any small profits that may arise. They should be credited to the common fund which forms the working capital.§ The object of the society is not to make money, but to save its members from the necessity of borrowing on ruinous terms. If profits accrue, the best use to which they can be put is the reduction of the rate of interest. A proviso to Section 5 of the Act provides that when the "reserve fund has attained such proportion to the total of the liabilities of the society, and when the interest on loans to members has been reduced to such rates as may be determined by the bye-laws or rules . . . any further profits of the society not exceeding three-fourths of the total annual profits, may be distributed to members by way of bonus." Profits should be credited to the common fund.

665. Turning to the relations of the State to the banks it may be asked—should it let them alone, treating them like any other trading associations? or should it actively assist and control them? Relation of State to rural banks.

It follows from what has been said above that the last thing to wish for is that the banks should become in any sense State institutions. But it does not follow that the Government and its officers have no part to play in the upbuilding of co-operative credit. The peasants of Germany and Italy would never have founded their banks without the advice and encouragement of philanthropists who did not spring from their ranks. The officers of Government may do in some measure in India what philanthropists have done in Europe. They can give counsel and encouragement without taking any part, direct or indirect, in the actual management of rural banks.

666. But it has been felt that in India the State must assume a much more active role than this, that it should register all rural banks which satisfy certain conditions,|| should bestow certain privileges¶ upon them, should audit their accounts,** and should compulsorily wind up associations which are badly managed.†† Proposals for control by State agency.

* The Act wisely refrains from defining the objects for which loans may be made (See Section 10 and compare Section 27 (f).)

† Section 10 (2). See also paragraph 20 of Government of India, Revenue and Agricultural Department, Resolution No. 1-63-3, dated 29th April 1904.

‡ Section 10 (3). See also paragraph 21 of the above Resolution.

§ Section 8.

|| Section 6 (2).

¶ Sections 15, 19, 20, 25.

** Section 21.

†† Sections 23, 24.

loans to banks. 667. As regards privileges, the most important suggestions made are that Government should advance money to rural banks to enable them to start business, and should provide by law a summary procedure for the recovery of their loans. The extent to which the State is prepared at the outset to give financial help to rural banks is stated in the 26th paragraph of Government of India, Revenue and Agricultural Department, Resolution No. 1-68-3, dated 29th April 1904. Should the banks take root, they may hereafter become an excellent medium for distributing *takavi*, and the State could afford to lend them money at a lower rate than it demands from individuals.

Special facilities for recovery of loans made by rural banks. 668. Experience may very probably show that special facilities for the recovery of debts due to rural banks are unnecessary. It is unlikely that a properly-managed institution would have many bad debts, and to prop up those which work badly can only do harm. The Act gives the society priority over other creditors to enforce its claim—

(a) upon the crops of a member within a year from the date when seed or manure was advanced or money for purchasing them was lent, and

(b) upon cattle or agricultural implements purchased in whole or in part with money lent by the society.

But this lien is subject to any prior claim of Government in respect of land revenue or any sums recoverable as arrears of land revenue, and of a landlord in respect of rent. *

Exemption of shares and deposits from attachment. 669. In order to stimulate thrift, the shares or interest of members are exempted from attachment or sale under any decree or order of a Court.†

The Registrar. 670. A special officer has been appointed as provincial Registrar. The Registrar "should be selected for his special qualifications, and should, for the first few years at least, be constantly visiting the societies, and watching their progress, rather as a friendly adviser than as an inspecting officer. By studying developments under various conditions he will gain experience which will render him an invaluable adviser; he will know what has succeeded here and what has failed there; he will be in a position to avoid the repetition of mistakes, to point out defects, and their remedies, and to extend to one part of the country methods which have proved successful in another Gradually as experience is gained and the societies are able to stand alone, the fostering care of the Registrar will be less required, until his duties will become purely official."‡

Prospects of success. 671. It may be asked whether, admitting the great benefits that rural banks would confer on the peasantry, their successful establishment is at all likely. Is not this institution an exotic, which,

* Section 19. For the society's lien on a member's shares,—see Section 20.

† Section 15. See however in this connection Section 20 as to the lien of the society on members, shares in respect of loans to members.

‡ Paragraph 16 of Government of India, Revenue and Agricultural Department, Resolution No. 1-68-3, dated 29th April 1904.

like many another that we have tried to introduce, will not take root in an alien soil? Ignorance and apathy on the one hand and a violent spirit of faction on the other are very serious obstacles. *In a matter of this sort a few men of more than usual energy and rather better worldly position than their neighbours must lead and the rest follow. Mr. Anderson has pointed out that it was the willingness of Rajputs to accept such a leader that made the Panjavar Society possible. The strongest and in some respects finest tribes, the Hindu and Sikh Jats, are quarrelsome and have that envious dislike of conspicuous position or merit which the democratic spirit engenders. But on the other hand in some respects the conditions likely to make rural banks a success exist more strongly here than in Europe. Indeed 30 or 40 years ago a strong village community in the east of the province with its tribal bond scarcely broken by the intrusion of strangers, its undivided common, and its large *malba*, presented from some points of view an ideal field in which to plant a rural bank. Disintegrating influences have done much to change all this, but the power of cohesion is not lost beyond recovery. The difficulties are great, but they do not seem to be insurmountable. And, should they be overcome, one excellent indirect result may be to build up again in a new form the village brotherhood which a too complex system of law and administration has done so much to shatter.

CHAPTER XX.

THE COURT OF WARDS.

Object of a Court of Wards.

672. The institution of a Court of Wards to take care of the persons and property of people of good social position, who, owing to minority, sex, mental incapacity, or for other reasons, are unfit to manage their own affairs, is an act at once of charity and of policy.* In the case of children, of women, and of persons of unsound mind, the former motive would suffice. An untimely death is the natural end of the lives led by too many men of good family in the Panjab. Having lived just long enough to load their patrimony with debt, they hand it on heavily encumbered to young widows or helpless children. Capacity for business is no more confined to one sex in India than elsewhere. But the secluded life led by women of rank, and the influences to which they are exposed after the death of their husbands, generally make them unfit to manage with success family property either on their own behalf or on that of their minor sons. The intervention of the Court of Wards is, however, only necessary in the case of families of some importance. The Guardian and Wards Act, VIII of 1890, provides sufficiently for others. It allows the District Judge, if no suitable private guardian can be found, to appoint the Deputy Commissioner to fill that office.† When the family, though of social importance, is engaged in trade or in any occupation which a Government official cannot carry on, it will rarely be of advantage to the minor to be brought under the Court of Wards.

In case of vicious or spendthrift landholders interference confined to families of political or social importance.

673. The considerations which lead the State to interfere in the case of landholders of vicious or spendthrift habits are almost wholly political. The law does not contemplate the putting of any restraint on a man's power of dissipating his property by vicious courses or the extravagant pursuit of pleasure, unless he belongs to a family whose political or social importance it is a matter of public interest to preserve. In this respect it does not go as far as the French law, which permits the relations of any prodigal spendthrift to apply for the appointment of a judicial adviser, without whose "assistance" he is

* The duty of Government in this matter has been acknowledged from the early days of our Indian Administration. See Bengal Regulation, X of 1793.

† Sections 7 and 18 of Act VIII of 1890. The Collector may decline [Section 17 (5)], and ought to do so if the minor is a "landholder" within the meaning of Section 3 (b) of the Court of Wards Act (II of 1803) and, his land is "land" as defined by Section 2 (3) of the Panjab Alienation of Land Act (XIII of 1900). Where the appointment of a Government official as guardian is desirable, and the proposed ward is a "landholder" action ought to be taken under the Court of Wards Act (see also Section 7 (2) of the Court of Wards Act). In other cases the appointment of officials as guardians under Act VIII of 1890 is only proper where there are no private persons available for the duty, or where private guardians have betrayed, or are known to be likely to betray, their trust.