

LOW PRICES AND THE PLIGHT OF THE LOWLY RYOTS

(with special reference to Coimbatore Dt.)

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In recent times much has been said and written on this world epidemic of low prices, trade depression and economic suffering. Among those who got the worst of it, undoubtedly the agriculturists rank the first. The State and the corporate association of farmers in various countries have been making strenuous attempts to tide over the catastrophe but with only partial success so far. The sufferings of the mirasdars and the cultivators of the Tanjore delta have come into prominence more than any others in South India. The situation has been equally worse in other districts also, though this year on account of fair prices of cotton it has not been so acute in some of the cotton growing tracts. The cultivating class as a whole have been hard hit and this period of depression has dawned upon them at a time when they are already cowed down by heavy indebtedness. It is not enough if we know that the agricultural class is suffering. To get at the magnitude of their distress and to form a clear conception of the conditions under which they labour and to formulate possible and practical schemes of amelioration, it will be necessary to examine in detail the economics of the average and typical cultivator working under different conditions. I mean the consideration of the actual income and expenditure, both in kind and money, of certain cultivators elected in representative tracts. The economics of five cultivators have been worked out in this paper, representing the garden and dry tracts of the Coimbatore district, as types of three important classes of cultivators; viz., (1) Proprietor-cultivator, (2) Tenant on money rent and (3) Tenant on share system—*Varam*.

The following table gives details about the cultivators selected.—

Village	Type of cultivation	class of cultivator	Area in acres.
Avanashi	Garden	Proprietor 1	2
		Tenant on <i>Varam</i> 1	4
		Tenant on money rent 1	6
Andiyur	Dry (Black-soil)	Proprietor 1	20
		Prop.—Tenant 1	15

The receipts, in kind and cash and the consumption and expenditure per annum of each cultivator are given below in the order shown in the above table. Details are given in appendix A to show how these figures have been worked out on enquiry.

- 1) Marappa Goundan. Owner, cultivates 2 acres garden and 5½ acres dry area of poor fertility.

Family— Wife, three girls—(18, 12 and 8 years) (1st married and therefore not living with him).

Possesses one pair working cattle, one buffalo and one cow.

Receipts.		Consumption and expenditure.	
Kind—	lb.		lb.
<i>Ragi</i>	3700	For food	2500
<i>Cumbu</i>	350	To chuckler, carpenter and coolies.	650
<i>Cholam</i> & Grams }			
	4050		3150
	Rs.		Rs.
Cash— Sale of Kapas (5 Pothies)	135	Salt, oil and other food adjuncts	36
Sale of milk, curd, ghee, from Buffalo and cow	130	Cultivation expenses	40
Miscellaneous	10	Maintenance of cattle	150
	275	Clothing	30
		Social expenses	30
		Land tax and Miscellaneous	20
			306

Has a previous debt of Rs. 500 to clear.

Sometimes purchases fodder when *Ragi* and *Cholam* crops have been poor.

2. Kolandai Goundan. Tenant on equal share system. Cultivates 4 acres garden and 1 acre dry of poor quality. Possesses two pairs of work cattle and two buffaloes.

Family— Wife, two sons (20 & 10 years) and two daughters (17 & 6 years); 1st son married.

Receipts.		Consumption and expenditure.	
Kind—	lb.		lb.
<i>Ragi</i>	7700	For food	3330
<i>Cholam</i>	800	Share to Landlord	4450
<i>Cumbu</i> or <i>Tennai</i> }	300	One Permanent Labourer	2300
	8800	To chuckler, carpenter & other <i>mamools</i>	400
			10480
	Rs.		Rs.
Cash— Sale of Kapas (5 Pothies. Another 5 Pothies given to Landlord.)	135	Food adjuncts	48
Sale of milk etc., from buffaloes	160	Cultivation expenses	80
Miscellaneous	10	Clothing	40
	305	Social expenses	40
		Maintenance of cattle	240
		Miscellaneous	0
			458

Has a previous debt of Rs. 200 to clear.

3. Kaliappa Goundan. Tenant on money rent system. Cultivates 6 acres garden. Possesses two pairs of work cattle and two buffaloes.

Family— Wife, three sons (14, 12 & 8 years), one daughter, unmarried.

Receipts		Consumption and expenditure.	
Kind—	lb.		lb.
<i>Ragi</i>	11000	For food	3330
<i>Cholan</i>	1400	One permanent labourer	1800
<i>Cumbu or Tenai</i>	400	Chuckler, carpenter and other <i>mamools</i>	500
	—		—
	12800		5630
	—	Quantity sold	7170
	—		—
	12800		12800
	Rs.		Rs.
Cash— Sale of Kapas	446	Lease rent on land	425
(16½ Pothies)		Food adjuncts	50
Sale of surplus		Cultivation expenses	120
Grain	281	Clothing	40
Sale of milk etc.	145	Social expenses	50
From 50 coconut		Maintenance of cattle	240
trees	20	Miscellaneous	10
Miscellaneous	10		—
	—		—
	902		935

Has a previous debt of Rs. 150 to clear.

4. Velappa Naidu. Proprietor. Cultivates 20 acres of dry black soil of good Fertility. Possesses no cattle.

Family— Wife, mother, two boys (11 & 6 years), one girl (14 years).

	Rs.		Rs.
Cash— By sale of Kapas	375	Food expenses (including everything)	200
(15 Pothies)		Cultivation expenses	160
Sale of Coriander		Clothing	40
and Bengal gram	80	Social expenses	30
		Land tax	40
		Miscellaneous including presents to	
		Washerwoman, Barber and <i>mamool</i>	20
	—		—
	455		490

Has no previous debts.

5. Gopalasami Naidu. Owner—Tenant. Cultivates own—8 acres and on lease 7 acres of black soil (dry) of good fertility. Possesses no work cattle, but one cow.

Family— Wife and mother.

	Rs.		Rs.
Cash— By sale of Kapas	300	Food expenses (including everything)	125
(12 Pothies)		Cultivation expenses	120
Coriander and Ben-		Social expenses	20
gal gram	70	Clothing	20
		Land tax	16
		Miscellaneous including <i>mamools</i> to	
		washerwoman, barber etc.	20
		Lease rent on 7 acres	90
	—		—
	370		411

Has a previous debt of Rs. 300 to clear.

Consolidated statement showing receipts, expenditure and consumption per annum for all the ryots and details of deficit and loss with debts.

Cultivators.	Area cultivation in acres.	Family members. No.	Receipt in kind. lb.	Consn. distri. & sale. lb.	Excess or deficit. lb.	Receipt in cash. Rs.	Expenditure. Rs.	Gain or loss. Rs.	Debts to clear. Rs.
1. Owner	2 (gard)	4	4050	3150	+900	275	306	-31	500
2. Share Tenant	4 (gard)	6	8800	10480	-1680	305	458	-53	200
3. Tenant On Rent	6 (gard)	6	12800	12800	...	902	935	-33	150
4. Owner	20 (dry)	6	...	...	...	455	490	-35	...
5. Owner Tenant	15 (dry)	3	...	...	...	370	411	-59	300

The above statement shows at a glance how the cultivators stand at the end of one year when all the produce and cash have been disposed off in various ways. The figures have been compiled after careful and searching enquiries of the cultivators concerned and the estimates are likely to be very modest rather than exaggerated. Calculations have been made on the present prevailing prices. In the calculation for cultivation expenses allowances have been made for family labour and all theoretical values have been excluded. Under the item maintenance of cattle actual cash expenditure made by the ryot in purchasing bran, cake, cotton seed, etc., has been included, as the fodder is supplied from his own land. The cost of fodder that may be purchased during shortage has not also been included.

The position of the owner cultivator seems to be better, as one can expect it to be, provided he has just the area that will keep him from loss and is already free of debts. There is only some grain left after consumption in the case of the garden ryot and this has to be set off for the loss in cash. The same man in the dry area, though possesses 20 acres, has to face a loss of Rs. 35 and he can probably just get on as he is not encumbered with debts. The circumstances of those possessing less than 20 acres can better be imagined. The case of the tenant on equal share system seems to be the worst, though apparently one may imagine that tenancy on equal share system may be more favourable than his colleague on the rent system. This share tenant has to make up a deficit of 1680 lb. of grain for his consumption and a loss of Rs. 53. The tenant on the rent system, on the other hand experiences a loss of Rs. 33 in spite of the fact that he has to sell away all surplus grain to meet the cash expenditure. The tenant in the dry tract experiences a much worse situation, cultivating about 15 acres. When the season is, abnormal and the yields are poor the economic

suffering would be worse undoubtedly. It is noteworthy that the ryots of the garden tract possess buffaloes and cows to supply the demands in milk and its products at the town nearby, thereby earning a little extra. Only a little extra, as the margin over that for the maintenance of the animals has now-a-days been found to be small owing to the same cause, viz., low prices of milk and its products. If there is no town nearby even this extra is not available.

Except one, all the other ryots are indebted, luckily to a moderate extent. When their agricultural industry is working at a loss, it is inconceivable how they can clear off even this moderate amount of debt within a reasonable period. There are many others in the village whose debts are much greater, but which were contracted some years ago, mainly for purchase of lands, sinking wells or other permanent improvements or for marriages and other functions, when prices of products were high. Such debts may be taken to be abnormal as differentiated from those contracted by the average ryot for his own living expenditure, purchase of implements or cattle. It is for this reason that the above five cultivators have been chosen, since they have not gone 'headlong' in contracting debts and have lived within reasonable means.

Two of these ryots alone are 'entangled' in litigation in connection with some old debt and partition affair in the family and this would mean a steady source of drain on the slender resources. With about 50% of the ryots in the garden areas and about 30% of those in the dry areas, constantly engaged in litigation in one form or another, it is no wonder that debts accumulate and the basic industry suffers on account of neglect and want of adequate finance.

The case of the owner-cultivator in general. Provided his wants are few and he lives just in the simple style of the cultivator with a small family, he will experience no deficits or loss if he has at least 3 acres of good garden area or about 30 acres of dryland of good fertility. Even then it is not possible to save anything for purposes of reducing debts or for expenses during marriages and special occasions. Perhaps if prices rise by at least 50% it may be possible to save something. The actual situation is that the bigger the area possessed by the ryot the greater the debt and greater the expenses of living and establishment. Compared to the position of the tenants, that of the owners should be above board, but actually we find that they (the average owner) are also in equally sad plight, worried over old debts and present needs. There is no difficulty, however, for a sufficient supply of grain for their own consumption throughout the year, but their income in cash is generally short of their legitimate requirements under the present circumstances.

The case of the Tenants. The conditions of the occupancy tenant has become worse. Rents have not gone down proportionate to the

fall in prices (and this will be vouchsafed by all absentee landlords) and what with competition even in this profession, the tenant finds it a herculean task to make both ends meet. Landless residents of the villages compete with one another for the taking up of lands for cultivation on rent and as everyone knows, it is far from paying now to cultivate on such high rents. There is therefore frequent change of hands. The landlords, as is well known, do not very much care for the steady improvement of their lands, but only for the maximum rent that can possibly be realised. We often come across tenants who have taken up lands in different places; small bits most of them. Within certain limits, whatever the area taken up on rent or share, the difficulties experienced are the same as with the increase in area the rent or share increases while the margin of profit does not proportionately increase. In any case the tenant has to be pitied and sympathised with by the landlord rather than victimised for exploitation for one's own ends in these hard days.

The tenant on money rent has to sell away all available surplus grain to pay the rent and then go in for a loan in addition, for cash expenditure, while the other on share system has to purchase additional stock of grain for his own consumption for which purpose he may have to borrow money. It would be relieving the tenants a great deal if the landlords take rent in kind at a proportion which is not unfavourable to the tenant. This system exists in many of the wetland tracts. Where cotton or other commercial crop is grown, the tendency is to demand cash rent and needless to say, during the years when prices were phenomenally high, the rent and values of land rose up to dizzy heights. Now while the prices have fallen by more than half, the rents have only by about a third. Many of the landlords who are heavily indebted have been found to demand comparatively high rents, burdened as they are by accumulated debts. The situation from the tenants' point of view is certainly gloomy, but if the landlords are relieved of their debt-burdens by some means and if they are induced to stick up to particular tenants without frequent change the situation might improve even though prices continue low. It is possible that rents may also come down proportionate to the prevailing low prices.

Need for an adjustment to altered conditions. The economic depression has aggravated a situation which was already far from satisfactory. A genuine and broadminded help from the State has long been looked forward to by the agricultural class in the matter of relieving their debt burdens, at least to some extent. If at any time the need for a great gesture of help is felt, it is only the present period. It almost seems that the low prices have come to stay. There may be indications of a slight rise here and there, but they are due to local and temporary causes. So long as there is improper adjustment between production and demand, absence of outside or wider market for our

produce and all the other manifold causes of depression, many of which are international, it is too much to expect any great rise in the prices : to the level of those in 1924-1925. There is therefore a great need for readjustment of the different systems of payment, etc., by the agricultural classes, including the tax paid to Government, to suit the altered conditions brought about by the unusual low prices. Prevailing wages for labourers should be lowered, the quantities fixed for payment in kind or cash by way of *mamools* or otherwise in the village should be reduced consistent with the prevalent conditions. The rent demanded by landlords should be considerably less. The expenses on social obligation, marriages and other functions should be considerably cut down. The cultivating and the land-owning classes should be alive to the situation and make an effort to reorientate the several modes of dealings, *mamool* and financial settlements of the agricultural industry according to the changed conditions, which is of universal character, so that the entire burden of low prices shall not fall upon only one section of the community, viz., the cultivating class.

Land mortgage Banks : the great Saviour. In villages when mention is made of the possibility of establishment of a land-mortgage bank to serve that village, the cultivators as one man acclaim this as one of the greatest boons to be conferred on them. Oppressed as they are by debts, their interest in cultivation and its improvement is at a low level. Once they are relieved of the worry of the 'overhanging' debt and the ever-increasing interest, they may feel their position more easy and secure, and thereby are likely to improve their conditions and cultivation on their own initiative. The eagerness with which they welcome the idea of such banks being opened under Government auspices, is itself proof positive of the great need for such banks. If landlords are relieved generally from the burden of their debts, it is possible that their exploitation of the tenants may slacken. Absentee landlords may take the loan on their lands and distribute any surplus after clearing their debts, to the tenants. That land-mortgage banks can be of immense use and is a prime necessity, can only be realised after some intimate touch with many of the ryots.

It has been said that proper and responsible non-officials are not available or forthcoming to conduct such banks in some places where they could be opened in the first instance. It is unfortunate that such a view is taken, for if there is a genuine desire to help the ryots, a way must be found to open at least one bank in every taluk at a very early date. If proper non-officials are not forthcoming, then to start with, Government has to take the lead and run some banks with their own employees. In the programme of national reconstruction and rural amelioration, the scheme of the establishment of a large number of land-mortgage banks would stand foremost. This great help is already long overdue and this period of low prices has created a situation when

it is nothing short of folly to be expecting any great enterprise and push among the ryot population as perhaps one can expect from those of the Western countries. True, land-mortgage banks are being opened in many places but considering the urgency of the situation and the vastness of the area, the progress seems to be absolutely unsatisfactory.

An Economic Survey. The Punjab has given the lead in this matter. An organised and detailed economic survey of many of the important tracts of our Presidency is essential and would reveal to us in an unmistakable way the several handicaps experienced by the agricultural class and also the need for the establishment of a chain of land-mortgage banks. We are not in a position now to compare the economic conditions of tracts similar to each other nor we are in a position to know in which tract the economic suffering is greater or more acute, in the absence of specific and complete data. It is therefore worthwhile to take up this survey early, particularly during this period of low prices when the suffering of the community is at its worst. There is not plenty to eat in the villages as we suppose, as the cultivators have to sell away a large portion of the stock of grain to realise cash for other items of family expenditure and for payment to coolies. Wages are now mostly paid in cash as it is more convenient and preferred by labourers themselves. If paid in kind, generally, in apportioning to coolies the cultivators err on the side of excessive liberality, for there is no knowing how much extra one would have given as the coolies beg or bargain for more and more, and during busy seasons and scarcity of labour, payment in kind may always exceed in value to that paid in cash.

If the cultivator is not enterprising and if he grows the same crop over and over again it is not that there is no enterprising spirit in him or he is unmindful of the consequences of growing the same crop, but the whole thing is one of economic necessity. Their debts, and at present low prices and in the cotton tracts the tempting levels reached by prices of cottons some years back, have all contributed to such unfavourable practices. Several of the improvements suggested by the department are therefore uncared-for by the average cultivator. Till some time back, in the Avanashi tract three crops were raised regularly in rotation. But now tobacco has been eschewed as the preparation of the produce for the market is tedious and the prices unfavourable with unreliable fluctuations, leaving *ragi* and Cambodia cotton to be grown alternately. The former is required for consumption and the latter is easy of handling and marketing besides having an assured market. For the same reasons in the dry black-soil areas of Udamalpet taluk, cotton is grown every year, with the result the yields have gone down. Once in 5 or 6 years a sixth of the area is put under Bengalgram and once in a few years the variety may be changed, from *Karunganni*

cotton to *Uppam* or vice versa. The ryots do realise the evil of growing the same crop every season or of adopting a poor kind of rotation, but neither there is any convenient and money fetching crop to be included in the rotation nor the much needed cash for payment towards debt and interest is got by any other crop than cotton, without much difficulty. In all garden tracts the maximum possible area is put under any of the commercial crops like cotton, onions, garlic, tobacco, groundnut etc. In some of these two crops of the same kind are also raised in the year. It is however an economic necessity again that he should be still growing grain crop and some fodder once in the year for his own consumption and to feed his cattle. Economic causes are therefore at work for the many variations and unfavourable practices observed.

The two new Bills. From the ryots' point of view the Debts Conciliation Bill proposed to be introduced is none too soon and such Conciliation Boards when formed will be as it were, good adjuncts to land-mortgage banks. The Money-Lenders' Bill as at present drafted does not seem to bring into its purview the rural money-lenders and others connected with the agriculturists. It is also disappointing that so far we have not heard of any person or body appearing before the Select Committee on the Money Lenders' Bill, on behalf of the cultivating class. The representation, therefore, by other classes is likely to be unfavourable to the peasant class and it is possible that the Bill may be entirely opposed or modified to that extent that it may not be of any benefit to the ryot population. It is hoped that the several District Agricultural Associations will suitably represent in time so that the Bill becomes one essentially in the interest of the agriculturists.

The example of the United Provinces. The proposed relief to the agriculturists of the United Provinces by the enactment of the Agriculturists Relief Bill with two other complimentary Bills, is of a far reaching character and deserves our careful study and adaptation in our province. Some details about these Bills with the objects and Reasons are given in Appendix C. In the same province the Government is now making efforts to formulate a provisional plan by means of which the land revenue and rent remissions will be automatically arrived at without any investigation. It is but legitimate that rents and land revenue should oscillate in correlation to price levels and therefore this scheme of the United Provinces Government is laudable and worth studying with a view to evolving some such scheme for our province also, in so far as this scheme is directly connected and is the result of the present economic depression.

Conclusion. If it were not for the crushing burden of indebtedness the present depression and fall in prices would not have descended upon our ryots as such an unbearable evil as it actually is. The first and foremost problem to attend to is the provision of adequate finance to be distributed among the ryot population on a vast scale and relieve

them at least partially from their indebtedness. The efforts made in other countries in this direction, particularly in the United States of America is well known. The fundamental needs of our lowly ryots have not been systematically studied and theirs is an unenviable lot,—meagre meals and clothing, devoid of luxuries, a life of toil and moil, always struggling to keep the wolf of debts and deficits at bay. It is unmistakably the Government that has to take the lead in this matter. The Economic Depression Committee, though restricted in its sphere of enquiries, has recommended among others, the grant of small loans to small ryots for cultivation expenses. Nothing can be more welcome than this and it is hoped that the Government will take into serious consideration the desirability of giving effect to this suggestion at a very early date. For this purpose the surplus of about three crores of rupees lying idle with the Co-operative Banks may come in handy.

Appendix A

The following are the details with which the estimates of receipts and expenditure and consumption of the cultivators have been worked out. (Yields noted are the actual average ones got by the ryots).

Yield of *Ragi* crop—2200 lb. per acre of gram.

Yield of cotton in garden—2½ Pothies per acre. (Pothi—250 lb.)

Yield of cotton in dryland—¾ Pothi per acre.

Price of grain—25 lbs. per rupee.

Price of Cambodia Kapas—Rs. 27. per Pothi.

Price of *Karunganni* Kapas—Rs. 25. per Pothi.

Consumption of grain per head of the family—½ Madras—measure, on the average, equivalent to 1½ lb.

Social expenses include—presents at marriages and other functions among relatives.

Cost of maintaining cattle worked on the basis of price of cake, etc. prevailing during the time of enquiry.

Supply per pair of animals per week is as follows:—

1 bag bran—8 annas.

1 maund cake—9 annas.

1 maund cotton—seed—9 annas.

(Cost of fodder not included as it is grown).

Chuckler as permanent employee in the garden gets 1/12th share of the produce, and Re. 1 or 1% in the value of cotton, etc., sold.

Other permanent labourers get one bag of grain per month.

Village *mamools* include payment in kind to washerman, carpenter, barber and one or two others, who are each given about 75 lb. grain per annum plus a small quantity during every harvest.

Appendix B

Following are the suggestions of Mr. V. Ramadas Pantulu, President of the Provincial Cooperative Union, for the consideration of the Government in connection with the agrarian situation in our province.

1. A policy of liberal remission of land revenue until prices rise. Mere suspension of a fraction of the revenue collection will not help the situation.

2. Adoption of measures for liberation of some credit to the agriculturists for seasonal operations and payment of kist.

The cooperative credit in the normal way to members of societies has become greatly curtailed and a large number of cultivators are outside its scope, not more

than 3% of them being members of societies. So the cooperative institutions must now be used in this period of economic depression to liberate credit to all eligible rural borrowers on the security of their produce or gold and silver at cheap rates of interest say 7½%.

3. There are large surpluses in the cooperative banks. At least a sum of two crores is now lying idle with no prospect of cooperative investment in the near future. It represents partly the small savings of a large number of people among whom the habit of thrift and banking have been inculcated through the cooperative movement. It would be deplorable to return the money to the investors who are now satisfied with the very low rates of 4 to 5% interest on the average.

The Government may borrow a part of the surplus at 5% and make it available to agriculturists under the Agriculturists Loans Act and the Land Improvement Loans Act

It is estimated that the interest paid by the rural debtors on their debt is at least Rs. 30 crores a year. The total value of the agricultural produce in the province in the pre-depression year was estimated at about Rs. 160 crores. It may now be put at 80 crores.

Appendix C

The Agriculturists Relief Bills of the United Provinces.

The Objects and Reasons of the First Bill are :—

1. To make provision under a legal process under which an agriculturist debtor can apply to a civil court to get his account settled and to fix instalments for the payment of any sums due.
2. To enable a debtor to deposit in court a sum of money in discharge of his debt for payment to the creditor ;
3. To limit the sale of agricultural produce in execution of decrees to four years ;
4. To limit mortgages to a period not exceeding 20 years ;
5. To enable occupancy or exproprietary tenants to mortgage their holdings to cooperative societies with a view to their getting long term credit ;
6. To enable an agriculturist mortgagor to redeem his land during the currency of the mortgage on certain conditions ;
7. To provide for a summary method of redemption ;
8. To enable debtors to receive a statement of accounts from their creditors and to compel the creditors to maintain their accounts in a regular manner ;
9. To make it a penal offence for a creditor to enter in his book a sum larger than that actually lent.

The other two Bills are complimentary to the first. One of these protects the landowners and tenants who may pay rent or revenue not exceeding Rs. 5000.

The Second Bill seeks to safeguard their interests by :—

1. Reducing the rate of interest on loans contracted between 1st January 1927 and 1st January 1930 in respect of the period after 31st January 1930.
2. Reducing the rate of interest for loans contracted on or after April 1, 1930 till such date as may be found necessary owing to the present economic depression ;
3. Limiting their credit so as to check the tendency to incur improvident loans.

The rate of interest approved is 12% compound interest with yearly rests or 15% simple in the case of secured loans and 18% compound and 24% simple in the case of other loans.

The third Bill is meant to amend the Usurious Loans Act, defining what constitutes an excessive rate of interest, thus fixing a rate of interest to exceed which will be to bring into operation the penal provisions of the Bill.