

ANNEXURES

ANNEXURE I

REMISSION ORDER—KERALA GOVERNMENT

Remission of sentences. To mark the assumption of office by the Government, the following orders will be issued:

- (a) All current death sentences to be commuted to imprisonment for life.
- (b) Remission of sentences to be granted as per scale to be fixed.
- (c) All political prisoners to be released.
- (d) All pending warrants against persons involved in political cases will be withdrawn.
- (e) Cases arising out of industrial or agrarian disputes, which have since been settled will be withdrawn. Cases connected with the hartal at Tellicherry and the Trivandrum Bench agitation will also be withdrawn.

ANNEXURE II

REMISSION ORDER—ANDHRA GOVERNMENT

Extract from G.O. Ms. No. 28 Law (Prisons) Department dated 12-1-1954 is to the following effect:

“The Government have considered the question of granting general amnesty to all prisoners in the jails, in this State and under the control of this Government, and also the Andhra prisoners in the jails and institutions in the Mysore and Madras States meant for the reception of prisoners etc., of the State to celebrate the inauguration of the Andhra State and direct,

- “(i) That all prisoners including women convicted of crime

committed in Andhra area, and now in jails not in Andhra, and also in the jails meant for the reception of Andhra prisoners in Mysore, viz., the central jail, Bellary, and the Alipuram jail, Bellary, and the Madras State, viz., the Presidency jail for women, Vellore, should be released. All condemned prisoners are also to be released, including those in respect of whom referred trials or petitions for mercy are pending.

“(ii) That all prisoners in sub-jails in all districts should be released.

“(iii) That all Andhra inmates of Borstal schools and certified schools, viz., Senior Certified Schools, Chingleput, in the Junior Certified School, Bellary, and the Borstal school, Bellary, should be released.”

ANNEXURE III

Number of cases withdrawn, and sentences remitted during the period 5-4-1957 to 31-12-1958.

Congress	..	143
P.S.P.	..	30
R.S.P.	..	11
Muslim League	..	4
Congress and P.S.P.	..	722
P.S.P. and Muslim League	..	49
Congress, P.S.P. and other opposition parties	..	284
Congress and R.S.P.	..	48
Communists	..	244
Non-party	..	292
		..
Total	..	1827

ANNEXURE IV (a)

- Read:—(1) Again G.O. (MS) No. 679|58|Agri., dated 26-6-1958.
 (2) Enquiry Report dated 9-3-1959 submitted by Sri O. Chandu Menon, District and Sessions Judge.

ORDER

In connection with the agitation started by the Highland Karshaka Sangom against the alleged eviction of some persons from the forest lands in Ayyappancoil and Vandanmet Ranges in the Kottayam District, the Minister for Transport held a conference at Kottayam on 16-4-1958 when a settlement was reached, and the agitation called off. According to the Highland Karshaka Sangom, 369 families in bona fide occupation prior to 26-4-1957 have been evicted from forest lands in Ayyappancoil and Vandanmet Ranges. This is not accepted by the Forest Department. In view of this divergence of opinion Government agreed to the following:

(1) That an officer of the rank of a District and Sessions Judge will be appointed to examine the cases of these 369 families claiming bona fide occupations prior to 26-4-1957.

(2) That in all cases where bona fide occupations prior to 26-4-1957 are proved, these families will be reinstated provided the plots do not lie within the reserve forest. If they are within the reserve forest areas, alternative sites will be provided; and

(3) That in cases where the claim of bona fide occupation prior to 26-4-1957 is proved *prima facie* to the satisfaction of the officer, the families will be reinstated as stated above on a provisional or *ad interim* basis pending final examination.

Accordingly Government appointed Sri O. Chandu Menon, District and Sessions Judge to enquire into the matter. He assumed charge on 15-7-1958 and finished the enquiry by 28-2-1959. The report was submitted to Government on 9-3-1959.

Government have examined the report carefully. The list containing the names and other particulars of the 369 alleged encroachers which was prepared by the Local Range Committee (Popular Committee) was supplied to the Enquiry Officer by the Divisional Forest Officer, Kottayam. Of the 369 persons 170 trespassers appeared in person before the Enquiry Officer, 121 appeared by counsel and 78 remained *ex parte* and never appeared. After examining the list in the light of the evidence given by the trespassers, the Enquiry Officer observed that in preparing the list the Range Committee has omitted the names of several trespassers and that the names of persons who had not really trespassed had been included in the list. However as the enquiry is confined only to the 369 families mentioned

in the list, it is not necessary to examine whether any names of actual trespassers have been omitted. He found that there were 60 bona fide occupations before 26-4-1957—vide list appended. The trespasser No. 346 (Father C. V. Mathew on behalf of Vincentation Ashramam) is an institution and not the case of a family. Though the occupation was before 26-4-1957, the Enquiry Officer has disallowed the claims on the ground that the occupation was not bona fide within the meaning of the G.O. (MS) No. 679/Agri., dated 26-6-1958. There were 60 bona fide occupations prior to 26-4-1957 of which trespasser No. 273 was in a *poramboke* outside the reserve forests. All the other 59 occupations were within the reserve forest area. T. S. Nos. 273 and 21 were not evicted and they should not have been included in the list of 369. The remaining 309 trespassers were not in bona fide occupations of any plot before 26-4-1957.

Government accept the findings of Sri O. Chandu Menon. They also order that alternate land from Forest or Revenue lands not exceeding the extent of previous occupation, subject to a maximum of two acres will be allotted to the encroachers in the list below.

The Chief Conservator of Forests is requested to point out suitable area for providing alternative sites for these bona fide occupants immediately.

By order of the Governor,
Secretary to Government.

ANNEXURE IV (b)

(ENQUIRY OFFICER'S FINDINGS)

In the result, on a review of the cases, my findings are as follows:

I. Sixty persons or families (including the conceded cases) shown as trespassers Serial Numbers 1, 2, 6, 7, 10, 12, 15, 17, 19, 21, 36, 45, 49, 52, 62, 65, 66, 68, 80, 93, 102, 117, 122, 125, 132, 134, 137, 149, 159, 160, 161, 166, 183, 190, 201, 202, 203, 204, 205, 220, 224, 225, 228, 229, 248, 259, 260, 268, 273, 274, 318, 322, 324, 333, 336, 338, 339, 342, 348 and 352 were in bona fide occupation before 26-4-1957.

II. Out of these sixty all except No. 273 were in occupation of plots within the reserve forest areas.

III. No. 273 was in occupation of a plot outside reserve forest area.

IV. Trespassers Serial Numbers 21 and 273 were not evicted.

V. The remaining 309 trespassers, (i.e., other than the sixty mentioned above) were not in bona fide occupation of any plot before 26-4-1957.

Submitted accordingly,
(Sd.)
Enquiry Officer.

ANNEXURE V

RESULTS OF ENQUIRY ANALYSES

(Extracts from Shri Theyyuni Menon's Report)

48. On the basis of the results of my investigation I come to the following conclusions:

(i) The Societies have covered only an insignificant percentage of the persons involved in the industry.

(ii) Representation to workers and small producers has been very insignificant.

(iii) The Societies have not succeeded in establishing themselves on firm grounds, and in exerting their influence felt on the industry.

(iv) The methods and maintenance of accounts have been of poor standard.

I shall now examine each item with the causes or circumstances responsible for the same, and then give my suggestions for the future.

49. *Poor Membership.* As stated in the introductory portion to this chapter the membership on 30-6-1957 in all the 160 coir primaries together was only about 51,000. In many areas, there are societies overlapping the jurisdiction of each other, due to the starting of fresh societies within areas of existing old ones, which, being small in number, covered wider areas. Therefore, there are cases of the same member having membership in more than one Society. Hence the actual number of members in terms of individuals will be less than 51,000. There

are no statistics available for the total number involved in the industry. It has been quoted varying from 5 to 10 lakhs by different authorities reporting on the industry in different connections. For my purposes, I would adopt the figures quoted in the proposal for the introduction of the scheme viz., 5 to 6 lakhs. On that basis the percentage covered is only 8 to 10% of the total. This is poor progress for 7 years' working.

50. The main reason for this may be traced to the circumstances of the formation and subsequent growth of societies. The starting of societies followed the introduction of the scheme by Government under a State-wide Plan. The incentive for formation of societies was the Government assistance, which in turn was relative to the capital collected. It was natural, therefore, that those who could subscribe the capacity took the initiative to form the societies, than the persons who really deserved assistance but had not the wherewithal to contribute to the capital. A general lack of appreciation of the real purpose and benefits of the scheme among the common man, in the absence of propaganda, also appears to have aided in leading the societies into the hands of the middle and high classes, particularly dealers and other vested interests. The advantage of initiative having thus gone into wrong hands in the initial stages the subsequent efforts of those who got in naturally tended in the direction of preservation of their interests, and not to enlarge the field. I do not say this by way of theoretical criticism, but am only reading the effects from the position as exist now. In fact it is an effect of circumstances, which is not totally avoidable in any scheme of the kind introduced on a mass scale. There is no harm also in the well-to-do persons participating in the furtherance of such schemes. In fact, the help and assistance of such persons is a necessity, particularly in the initial stages, for the success of the scheme from the financial as well as administrative side. The harm comes only when they seek to be beneficiaries. The only possible way to block the latter tendency was to have made suitable provisions in the bye-laws of the societies for confining the benefits only to the classes of persons whose benefit is aimed at under the scheme, and permitting the participation of others as well-wishers and sympathisers. It was necessary also to provide for major participation to the beneficiary class in the management to help them preserve their interests in tact. The bye-laws prescribed for these societies should, therefore, have provided for such precautionary clauses to avoid abuse or misuse. That does not appear to have been done.

51. Except in a very handful of societies the representation in others to workers and small producers is generally very insignificant; and even in most cases where wider representation is given, the actual benefits extended to workers have been small. The main handicap for the workers was the absence of capital already dealt with. Another possible one was the customary practice prevailing in the industry from old times of workers being kept under the hold of the dealers and master producers by the grant of advances of a permanent nature preventing their getting out of the hold, and getting into the fold of other agencies after clearance of such advances. These are natural causes from the point of view of workers. I have no proof on records to say if admission of these classes were purposefully declined by the managements to prevent them getting in and disturbing the monopoly. In cases of refusal of admission seen in a few societies no grounds are stated, as the bye-laws provided for refusal of admission without assigning reasons. I, therefore, have no material to commit either way. But their trend noticed of late in several societies not to adopt, or to delay the adoption of the amendments to bye-laws recently proposed for providing admission of workers with government contribution to capital leaves room for doubt if the poor representation was also not partly due to a policy of managements discouraging the entry of workers in large numbers. Since there is some confusion of thought on the issue in some quarters as is evidenced from the attitude of some societies towards the proposed amendments to bye-laws, it will not be out of place here to examine the question as to whom the scheme is meant. The words quoted in original from the proposal on the scheme earlier in the report, the reviews on working of the scheme in the Administration Reports of the Department and the references made in different reports on the subject both by the departmental authorities and except committees leave no room for doubt as to whom the scheme is meant. It has been repeatedly stressed over again by all authorities that the scheme is intended exclusively for the benefits of the workers and the small manufacturers and not to the other classes in the industry, who by circumstances have come to monopolise the societies to a considerable extent. The amendment now suggested and the policy underlying the suggestion are, therefore, steps to aid the restoration of the scheme to the original object and not an attempt to divert the scope and aims of the scheme. There is no doubt, therefore, that the outlook

must change. A sudden change from a set up that has come to stay by usage may however, result in upsets. To avoid any upset, and to enable a smooth transition stage, I would suggest a gradual change on the following lines:

(a) Adoption of the amendments by all societies under the scheme, and providing option to those who do not agree to continue in the new set up to withdraw from membership and take back their share capital according to the limits prescribed in the bye-laws regarding refunds of capital. Those opting to continue may be allowed to do so but as sympathisers only and not as beneficiaries.

(b) The ratio of sympathisers to workers in the committee of management to be stipulated in the bye-laws vesting a controlling interest in the workers and small producers.

(c) In order to avoid the increase of membership to an unmanageable extent, the limit of a member for a family may be adopted as the basis for regulating admission.

(d) The term "small manufacturer" to be defined precisely to include only working families, and to exclude those who undertake production as a business, the standard for determining a small manufacturer being taken as one spindle for a family of 5 members or less, and 2 spindles for a family having more than 5 members. Those working more than two spindles can and may be left to the private sector which has necessarily to continue functioning in the industry side by side with the co-operative sector. Such regulation and restriction on spindles is necessary to confine membership within manageable limits, as also to prevent overproduction in the co-operative sector.

(e) The areas of societies have to be re-adjusted and overlapping and double membership avoided by removing members from the areas that might have to be excluded. Some members who may go out of the jurisdiction by the reallocation may prefer to continue in the old society. To avoid hardship in such cases, the option may be given to such members to continue where they are, and sever connection from the other societies by appropriate provision in the bye-laws. In any case double membership should be prevented.

ANNEXURE V (a)

FACTS BEHIND THE ENCROACHMENT

1. Kattampally is a 7 1/2 acre plot near Cannanore which had been for 50 years in the vacant possession of the Madras Government till the formation of Kerala. Never till the present Ministry was formed in Kerala did the local Congress Party or the P.S.P. suggest giving this plot to Harijans or trespass in the name of Harijans. On 7-8-1957, some Harijans were instigated (according to the report of the District Officers) by Congress and P.S.P. leaders to commit nocturnal trespass and put up temporary and petty cudjan-and-bamboo sheds. The very next day the Minister for Law was passing that way to inspect the site for a project work. He stepped into the Kattampally Government land and advised the Harijans and others who were there not to commit such high-handed trespass, but to apply to the authorities for assignment of portions of the land and in the meanwhile to withdraw from the fugitive occupation effected unlawfully overnight. Out of the 25 or so encroachers all but 9 withdrew. In regard to these 9 occupants who did not listen to the good counsel of the Minister for Law or of the local officials, eviction proceedings under the Land Encroachment Act were taken. Plenty of time (namely, two months) was given for them to quit, but they did not; and so the Tahsildar got the unauthorised occupants vacated on 10-10-1957 with police aid as resistance was apprehended and actually offered on the spot. Some of the Congress and P.S.P. leaders and others prevented the Revenue Officials from dismantling the petty structures and had therefore to be arrested and removed. Although police guard was posted on the spot for protection in the night again a large number of Congress and P.S.P. volunteers forcibly entered the plot of land, ignoring the police pickets—quite a violent, high-handed and lawless thing to do. A few days later these new entrants were removed with police aid and thereafter an armed reserve police party was quartered in the *poramboke* land. Daily 5 or 10 persons were being brought by the Congress and P.S.P. leaders to effect forcible entry and were removed duly by the police. This law-breaking campaign has been given a political status and is being engineered by the leaders of the 2 parties, backing it up with distorted stories, furious propaganda and demonstrations. This hideous and mala fide programme of continuous trespass has been resented by Harijans generally and by almost all people

at Kattampally, including the Harijans there. Out of the 43 or so Harijan families in Kattampally, all save the 9 who were arrested for encroachment have presented written memoranda expressing their dissent. It is seen that no Harijan, other than the 9 has offered "Satyagraha" in the Kattampally Government land. Very few denizens of Kattampally, Harijan or non-Harijan have supported this move and so it is that virtually all the subsequent trespassers (disguising themselves as satyagrahies) have been imported from outside.

2. The Collector of Cannanore had explained to Shri Gopalan, Secretary of the D.C.C. that the Government have under consideration a pucca scheme for settling the Harijans in this land. Shri K. Kunhambu had been told in an answer to an interpellation in the Assembly on 15-7-1957 that the question of distributing Government lands, particularly Kattampally plot, to Harijans was under the consideration of the Government. It was after knowing all these things and inspired purely by political motives that a joint front of the P.S.P. and Congress has been erected to carry on ceaseless naked aggression by force on Government land, hiding its real complexion from the people by calling it a pro-Harijan or political agitation—or that pious phrase satyagraha!

3. Certain important points emerge from the above statement of facts in regard to the Kattampally strategy now in full swing.

(i) *It is utterly wrong to assume that these Harijans were there for a long time and were ejected from their homesteads.* Actually they are persons of the village having separate homesteads. They were evicted by the Jenmies and after that they encroached upon the Government land *the night before* the Law Minister told them not to continue the trespass and at that time they had only put up a few poles and some thatch thereon which were not yet worthy of habitation. Obviously it was not for occupation they put up these structures, but, under the instigation of political leaders to make political capital thereout. In a few days after the encroachment they got the Tahsildar's notice to vacate and yet another notice from the Deputy Collector. They were ejected in due course of law. The Government had made clear the position that any trespasser into Government land after 26-4-1957 would be evicted summarily. Thus to portray a picture of poor Harijan occupants being driven out from their homesteads by Government action is a travesty of the truth and a downright political distortion.

(ii) *This is not a campaign on behalf of the Harijans as no single Harijan leader or organisation worth the name has protested against the removal of the encroachments from Kattampally.* No other single Harijan family than the nine arrested persons has been associated with this campaign. Many Harijan leaders have issued statements condemning this *lawless trespass conducted in their name.* All the other 119 Harijans of the same area have *in writing condemned* this trespass campaign.

(iii) *This plot of vacant land had been lying there even when the Congress party was administering Malabar as part of the Madras State.* Subsequently, the President's "Adviser" regime was also keeping this land vacant. Still at no time in the past the Congress or the P.S.P. leaders either instigated the Harijans to trespass or themselves carry on a Satyagraha or even submit a single memorandum to assign this land to the Harijans. *The motive for this campaign, run in the name of the Harijans, is purely political.*

(iv) *It is not as if the Government are against giving any part of this land to the Harijans.* Indeed the Collector of Cannanore has in June 1957 (that is about a month and odd before the trespass was committed) submitted a proposal for a settlement scheme in this Kattampally plot. Indiscriminate occupation by Harijans *would make the place a slum* while if they are settled on the land on the basis of a colony scheme it would be good. Without giving Government the time to finalise the proposals, trespasses were effected. Government have made it clear that without any sense of reprisal Government would consider the intrinsic claims of the trespassing and the non-trespassing Harijans to plots in the Kattampally Government land or elsewhere when implementing the colony scheme. The Government's orders should have been awaited instead of threatening constituted authority by a campaign of trespass. This would almost mean a challenge to Governmental authority as well as to the desirability of settlement schemes as against the springing up of slums.

(v) *A false propaganda is going round that there may be partiality in the allotment of lands.* There is none contemplated because according to the Government's orders, already issued, all the available Government lands are to be distributed through committees on which representation is given to all the political parties. Thus the Kattampally land will be distributed by the All-Party Committee eliminating the possibility of par-

tiality in assignment. Indeed most of the parties have given their nominees and the Committee for distribution of lands will soon start working. A portion of this land may also go into the general pool for distribution after reserving a decent slice for staff quarters for the new Kattampally Irrigation Project costing 27 lakhs, work on which is likely to commence this year.

(vi) Another canard that has been spread is that the Government have soft-pedalled the eviction proceedings when "Communists" trespassed and they are vigorously ejecting the Harijans of Kattampally with a spirit of discrimination. Government have denied this statement as untrue and Press Releases have been issued more than once making it clear that whoever be the party involved, all encroachments on Government lands effected after 26-4-1957 would be mercilessly evicted and even in regard to trespasses prior to 26-4-1957 they will be regularised or evicted according to principles published in the Government order dated 12-9-1957 depending upon whether the occupant is a landless poor person or not. *In regard to all the Government lands in every village 25% has been reserved for Harijans.*

4. It is patent that the purpose of the present venture of the two parties is to break the law and thereby to break the credit of the State Government. There are other vacant lands belonging to the Central Government and to private parties which may be in peril of violent occupation if these Kattampally tactics were to be tolerated. What is more significant is the further development that has now taken place of undiluted goondaism and unwarnished vulgarity. The facts set out above will prove that the Kattampally Satyagraha is a political hoax unconnected with Harijans or the people of Kattampally.

ANNEXURE VI (a)

THE TRAVANCORE-COCHIN COIR PRODUCERS'
AND DEALERS' ASSOCIATION

H. O. ALLEPPEY

Register No. 2 of 1115 (1940)

BEFORE THE GOVERNMENT OF TRAVANCORE-COCHIN

*Memorandum Submitted by the Travancore-Cochin
Coir Producers' and Dealers' Association, Alleppey.*

(EXTRACTS)

* * *

"... The Association had hoped that the formation of the Coir Board and launching of the Coir Development Scheme the coir industry would receive an impetus ushering in a new era in the development of the Industry. But to our disappointment we may be permitted to point out that a stalemate has been reached in the industry and no progress worth the name has been made. The Association feels constrained to submit that the position of the coir industry deteriorate in spite of the enormous sums spent in the name of the Coir Development Scheme. The Association had bestowed considerable thought on the working of the Coir Board and the Coir Development Scheme in all its aspects and has come to the conclusion that unless a reorientation is given to the Coir Development Scheme, the prospect of the industry would be very gloomy.

* * *

Four years have elapsed since the Coir Development Scheme was launched. But judged from the results, the Scheme has not met with the success that it deserved. This according to us is mainly due to the inefficient way in which the Scheme has been worked out—apart from its inherent weaknesses. The following paragraphs will we hope make this position clear.

The Scheme contemplated to register at least 120 Co-operative Societies within the span of five years. It is regrettable that the target has not so far been reached. Of the Societies started, many are not functioning at all. They exist only on paper. The Thondu Vyavasaya Co-operative Societies have been started in places where the husk is not easily available. Some of the primary Coir Co-operative Societies have been

registered in places where no retting of husk is possible making it difficult for spinning of coir yarn. The number of Thondur Vyavasaya Societies in places like Alwaye, Moovattupuzha, Palai, Thiruvalla, Adoor and Nagercoil will bear testimony to what has been stated above. These places are either not important cocoon producing areas or are too far away from the retting areas making it uneconomic to take the husk to the retting centres. The expenses incurred by Government on behalf of these Societies is out of all proportion to the results achieved. Government have given grants-in-aid in favour of these Societies. These grants have been squandered away for want of efficient supervision or misappropriated without being detected.

The Coir Special Officer was given absolute freedom in the matter of appointments to the staff of the Societies from the very inception of the Scheme. This has given rise to nepotism pure and simple on the part of the Coir Special Officer. Instances are numerous. We content ourselves by pointing out only some of them. The primary Coir Co-operative Society of Prakkulam questioned the competency of the appointments made by the Coir Special Officer and took the matter before the Hon. High Court. The Hon. High Court held that the power of making these appointments solely vested with the Societies and that the appointments made by the Coir Special Officer were ultra-vires.

In spite of this decision the Coir Special Officer continued to appoint paid secretaries to some Co-operative Societies. It was only as late as 22-7-1953 that the Coir Special Officer by Circular No. S1-711/53 cancelled the appointments of the paid secretaries and prevailed upon the Co-operative Societies to make their own arrangements with regard to the appointments of secretaries.

The conduct of the Coir Special Officer in making appointment of paid secretaries antecedent to and even subsequent to the High Court ruling was quite improper and highly objectionable. The Coir Special Officer appointed one Mr. G. Narayana Panicker, a clerk attached to the Krishnapuram Munsiff's Court, as the Secretary of the Coir Vyavasaya Co-operative Society No. 3075 at Puthupally in the year 1950. This Mr. Narayana Panicker himself has not been discharging his duties satisfactorily. Complaints from the members of the Society itself regarding the conduct and behaviour of this Narayana Panicker were lodged before the higher authorities. Never-

theless he continues to function as the Secretary of the above Society even to this day, possibly under the kind patronage of the Coir Special Officer. The case of Mr. S. Raghavan a permanent teacher attached to the S. N. M. English Middle School, Muthukulam, is another instance in point. The Coir Special Officer appointed him as the Paid Secretary to the Coir Co-operative Society No. 3067, Karunagapally, in 1950. He functions even to this day in a dual capacity, both as a teacher in an aided school and Paid Secretary in the Co-operative Society enriching himself by his income from both. We understand that this fact has been brought to the notice of the Coir Special Officer by the members of the Society, but the Coir Special Officer keeps mum and Mr. Raghavan enjoys his undue favour.

We may also refer to the delimitation of circles for the working of the Coir Development Scheme. We understand that on the recommendation of the Coir Special Officer the following circles were created viz., Alwaye, Muvattupuzha, Palai, Thiruvalla, Adoor and Nagercoil. As has been pointed out above, these places are not cocoon-growing centres and there is no scope for collecting and stocking husks in these centres. We do not quite understand the reasons which have weighed with the Coir Special Officer in demarcating these circles. We are constrained to think that these circles were created to serve his own purpose of placating some of the henchmen who were put in charge of those centres.

We believe that the success of the Coir Development Scheme depends to a large measure on the efficiency and the integrity of its personnel. In this connection we regret to note that many of the Officers who are in charge of the Coir Development Scheme are not up to the mark. They seem to have no practical experience or intimate knowledge of the working of the industry.

We need hardly point out that the marketing of coir yarn is an important part of the Coir Development Scheme. It is with a view to make the marketing of coir more profitable that the Alleppey Central Coir Marketing Society was formed. A careful scrutiny of the working of the Alleppey Central Coir Marketing Co-operative Society would reveal many unhappy features in its working.

Having pointed out the defects and irregularities discernible both in the Coir Co-operative Development Scheme and

the Alleppey Central Coir Marketing Society it behoves us now to put forward our proposals for the betterment of the industry for the kind consideration of Government. We may be permitted to place before the Government our suggestions regarding the Coir Development Scheme at first.

1. That before the next financial year Government be pleased to take appropriate steps for the formation of primary Coir Co-operative Societies in the Coastal Taluks with an advisory Committee consisting of men of practical experience in the industry in each Taluk to supervise their working.

2. That the Government be pleased to appoint a Commission forthwith to collect statistics regarding the number of Coir and Thondu Vyavasaya Co-operative Societies, the capital invested in these Societies, the grant-in-aid received by them, the loans sanctioned to them by Government and the profit and loss account of these Societies and also to study the working of these Societies in general and to submit a report of their findings on these matters to Government.

3. The Coir and Thondu Vyavasaya Co-operative Societies formed in centres where the cocoanut husks can neither be collected nor stocked be cancelled and delimitation of circles based on the formation of those societies be done away with.

4. That the Coir Development Inspectors recruited for the purpose of the Coir Development Scheme may be reverted back to their substantive places and persons who have practical experience in coir industry with the requisite general qualification be appointed in their places.

* * *

9. That a more competent and technically qualified officer with practical experience of coir industry and administrative knowledge may be appointed to the place of the Coir Special Officer.

10. That the Coir Development Scheme may be worked out under the direct supervision and general control of the Coir Board constituted by the Central Government.

In conclusion, we pray that the Government be pleased to consider the viewpoints raised by us in this memorandum and take necessary steps for the promotion of coir industry in the State.

Yours faithfully,

For the Travancore-Cochin Coir Producers' & Dealers' Association.

- | | |
|---|-----|
| 1. R. Shankar, B.A., B.L., (President) | Sd. |
| 2. M. K. Gopalan, B. COM. (Vice-President) | Sd. |
| 3. V. K. Raghavan (Secretary) | Sd. |
| 4. N. Parameswaran Pillai (Asst. Secretary) | Sd. |
| 5. V. P. Kunjukrishnan (Treasurer) | Sd. |

Alleppey,
5-3-1955.

ANNEXURE VI (b)

(True copy of the resolution passed in the Managing Committee of the Coir Producers' and Dealers' Association held on 27th August, 1957.)

The Travancore-Cochin Coir Producers' and Dealers' Association rejoices at the steps taken by the Government of Kerala towards reorganisation of the coir co-operatives aimed at the protection of the industry and coir producers and congratulates the M (1) for removing Sri K. Karunakara Panicker from the post of coir special officer on the basis of the innumerable complaints received, including those from the association and extends felicitations to Sri P. K. Nayar on his appointment as coir special officer.

The Association also extends all help to Government in guiding the scheme to the declared objectives.

(Sd.)
Secretary.

(True copy)

ANNEXURE VII

LABOUR CONTRACT CO-OPERATIVE SOCIETIES
(G.O. DATED 14TH MAY 1959)

It is well-recognised that co-operatives can play an important role in the economic development of the community. For some time past, Government have been considering the feasibility of organising labour and construction co-operatives in the State with the primary object of employing the large unutilised manpower resources and thus enabling the people

to improve their economic conditions. Hitherto Government contract works were attended to only by private contractors. The contract system only benefited the particular contractors and a few skilled workmen. Government consider that in collaboration with other departments, labour and construction co-operatives could, by stages, replace the existing contract system so that each area derives the maximum possible benefit in terms of income and employment from works which are undertaken for its development. With this end in view, it is proposed to launch a pilot scheme for the organisation of labour contract co-operative societies on sound lines and to provide them opportunities for work on reasonable terms and also to give them the necessary guidance and supervision.

The scheme envisages the organisation of 25 societies, one in each of twenty-five N.E.S. Block areas of Kerala State, as an experimental measure. Their working will be watched for one year before the question of further extension to other areas is considered. The jurisdiction of each society to be registered under the scheme will be limited to area of the N.E.S. Block concerned for the purpose of membership. Actual labourers and skilled workmen such as artisans, carpenters etc., in the area will alone be admitted as members of the society. No middlemen or sympathisers will be included. The bye-laws of the society should contain suitable provisions to this effect.

The Block Development Officer of the Block will be the ex-officio president of the working committee of the society organised in that area and the Block Supervisor will be a member (ex-officio) in the committee. This arrangement will continue for a period of one year for the present.

Minor works such as maintenance of buildings and roads and construction of roads in respect of Forest Department and construction of culverts and school buildings, earthworks, road works, surfacing, gravelling, metalling, maintenance and minor repairs etc., in other Departments, costing not more than Rs. 25,000 and minor irrigation works (which do not require skilled labour) which are let on contract will be entrusted to the society on detailed estimates approved by competent authority. The society will be allowed 5% excess over the scheduled rates of the cost of materials and labour. Though it would be desirable to permit the labour contract co-operative society to compete for works in other areas or Blocks, promoting healthy competition, Government feel that it would lead to many diffi-

culties and factions among the workmen since the shifting of workmen-members by the society concerned outside their jurisdiction is likely to be resented by the local labourers. But in cases where there are no competitions the society will be allowed to take up works outside its area with the prior verification of the performance of the society by the Block Department Officer.

A newly formed society may not be in a position to raise necessary funds for the payment of daily wages of the workers in the initial stages of the works taken up. Government are considering the question of payment of an advance of 25% of the cost of works to the society on the guarantee of the detailed estimates for the works. Orders on this matter will be issued in due course.

The works which are entrusted to the society should be in complete units. Skilled workmen and labourers may be engaged on wages by the society in the execution of works of a special nature. However, no works will be allowed to be sublet.

Materials like iron, steel, cement etc., for the work will be sold to the society by the P.W.D. from a common pool, set up for the purpose, at the usual rates at which they are issued to the contractors. Government will not, however, be liable for any delay or loss in the execution of the works due to the failure or delay in the supply of materials by the P.W.D. and such delays or failure should not be taken as an excuse for deviation from the terms and conditions of the agreement. The tools and plants available with the Department entrusting the works will also be let out to the society on reasonable rent. The tools and materials supplied should be stored and utilised under the supervision of the Block Development Officer or the Block Supervisor. They will be held responsible for any loss or misuse of the materials.

The labour contract society is exempted from furnishing the security for the works taken up by it in the early stages. After the payment of interest on the advance, if any, taken by the society and meeting the establishment charges etc., the profit available in the margin of the 5% excess allowed for the works should be set apart as a "reserve" till sufficient funds are accumulated to enable the society to offer security at rates to be fixed by Government, in due course. When sufficient funds are accumulated, the profit should be utilised for such ameliorative measures of the members of the society as contri-

butory provident fund or some other compulsory saving deposits. The profit should not be utilised in the initial stages for payment of provident fund, bonus etc.

The Department concerned should obtain an agreement from the society for the works entrusted to it. The agreement should contain, among other things, provision making the society responsible for any loss to Government. In case of default the society will be debarred from taking works in future.

The association of the Block Development Officer as the ex-officio president of the working committee of the society will not, in any way, make Government liable for any default on the part of the society or reduce its liability for the same. The Block Supervisor who is also a member of the committee will be responsible to the Block Development Officer in the execution of the works.

The society may employ its own paid secretary on a fixed pay of Rs. 70 including all allowances. The establishment charges including the pay of the paid secretary should be charged to its own funds.

The scheme is proposed to be implemented with immediate effect. It is hoped that enterprising co-operators of the category contemplated will organise themselves into co-operative societies. Government expect that public co-operation in the new venture will never be lacking.

ANNEXURE VIII

A NOTE ON CHRISTOPHER AND OTHER VOLUNTEER ORGANISATIONS

Ever since the Anti-Education movement was launched, the tempo of recruitment by the N.S.S. and Catholics in regard to their movements against the Education Act and also those of other political parties to their respective volunteer corps have gathered considerable momentum.

The joint meeting of the Education Council of the Catholic Congress and the Private School Managers' Association held at the N.S.S. head-office on 19-5-1959 at Perunna (Changanacherry) formed a number of committees to organise volunteers and to supervise their recruitments at various centres as a part

of their proposed agitation. The volunteers are intended for picketing Government schools and new ones that might be opened and to guard the private schools which will remain closed. For this purpose the volunteers are being trained in various places in the State under the auspices of the N.S.S. and Catholics. The Christophers at many places have merged with these volunteer organisations and the trained ones among them are now instructing the recruits. They are being taught drill of a military character and in the use of lathis, choppers and daggers. There is information that efforts are being made to collect and store even arms and lethal weapons to be utilised by the volunteers, in the course of the agitation. According to a decision taken at a joint meeting of the leaders of the Congress, the P.S.P. and Mannam held at Changanacherry on 5-6-1959 the picketers are to carry with them weapons concealed on their person. The volunteers will create situations where the police would be compelled to open fire. The agitators have plans to obstruct, besides the schools, work in other Government offices and institutions. A note regarding activities district-wise is given below:

TRIVANDRUM

Pursuant to the call of the ecclesiastical heads of the Catholic church, volunteers are being organised on parish basis to meet any emergent situation. Nearly 300 persons including priests and Christian volunteers came to Trivandrum on 10-5-1959 from the northern parishes of their diocese on the pretext of attending Bible Classes. It is known that they came here to get instructions regarding the proposed agitation. Similarly instructions are being imparted to batches of youngmen who are frequently visiting the Bishop's palace at Vellayambalam. Instructions given in the Bishop's palace are kept most secret. There is also information that the volunteers enlisted by the N.S.S. and Christians have been given detailed instructions regarding the programme of action, the consequences that might follow and how to face them. There was a proposal to take out a jatha of 25,000 volunteers from the M. G. College, on the 1st of June to the Secretariat and this has been postponed to a date on or after 15th June. The volunteers are known to have been instructed that in case there were lathi-charges and any other police action, volunteers were to retaliate. They have also been given instructions that in the event of volunteers being manhandled by the police inside lock-ups, such stations were to be stormed and the volunteers rescued.

With this end in view, volunteers are being trained in the coastal areas of the City, especially at Valiathope, Kochuthope and Kannanthura. Messrs. K of Anjengo and Y of Valiathope (names are available in the official records) are giving training secretly from 20-5-1959 (from 8 p.m. to 1 a.m. daily) in fencing, using of sticks and lathis, beating with ropes, using of choppers, daggers, etc., to volunteers in a compound where the Fathima dispensary at Valiathope is situated. The expenses are being met by the Valiathope church. The Catholics at Kochuveli are collecting long sticks to counter lathi charges. Messrs. A (Valiathura) and B (Palayam), central committee members, are going about in the coastal areas, namely Valiathura, Kannanthura, Vettukad and Veli giving instructions on the necessity of organising volunteers for the agitation against the Education Act. The Trivandrum Bishop is also moving about in the local parishes appealing to the Christians to join the volunteer corps. A committee of 75 volunteers was constituted at a meeting of the guardians and teachers at Pattom St. Mary's school, Trivandrum, on 17-5-1959, to make preparations to counter violence with violence. About 500 volunteers have been selected at Mudiavila (Kattakada) by Rev. X (name available in the official record) of the local church. It is reliably gathered that about 2,500 volunteers have been recruited so far from Valiaveli, Kochuveli, Vettukad, Valiathope, Kannanthura, Cheriyaathura, Poonthura and Valiathura. Sri X (name available in the official records) is engaged in giving instructions to these volunteers and checking whether training given was adequate. He is the convener of the volunteer corps in the coastal area and a member of the agitation committee. At Valiathura and Poonthura Messrs. X and Y (name available in the official records) are conducting study classes to the volunteers. At Kannanthura training of volunteers is in progress, and one Lukose, ex-serviceman called 'Pattalam Lukose' is giving them training.

Sri Karamana Gangadharan Nair (N.S.S.) is actively engaged in mobilising volunteers from amongst the Nairs, for the agitation in Trivandrum. An extraordinary meeting of the N.S.S. representatives of Palkulangara and Perumthanni held in camera at Palkulangara N.S.S. High School on 17-5-1959 decided to enlist as many volunteers to defend themselves from possible attacks and if necessary to use weapons, depending on the situation. A similar decision was taken at a meeting of the N.S.S. at Sasthamangalam the same day. There is information that a minimum of 10,000 volunteers will be enlisted from

each of the N.S.S. Taluk Unions which comprise of an average of 30 Karayogams.

The total number of volunteers of the agitationists have swelled abnormally and it now stands at about 9,000 in all in Trivandrum District.

TOTAL VOLUNTEERS IN TRIVANDRUM DISTRICT

	No. Training	Arms if any
Catholics. } N.S.S. & }	9000 Training in fencing, using of lathis & sticks, beating with ropes, using of choppers, daggers etc.	Long sticks

QUILON

At Quilon the Catholic and N.S.S. leaders are recruiting volunteers on parish and Karayogom basis. About 500 volunteers have been selected from Pathanamthitta area. All the 99 Karayogoms are engaged in organising volunteers. About 350 volunteers have been selected by the priest of a Catholic Church at Punalur. The Catholics of Quilon are organising 200 volunteers in each Parish and the N.S.S. 50 volunteers in each Karayogom. Out of the 76 N.S.S. Karayogoms at Karthigapally Taluk 56 are known to have sent their lists of volunteers (10 volunteers each) to the Taluk union office. Volunteers are being enlisted also at Chavara by the Catholics and N.S.S. At a meeting of the agitators at Chathannur on 22-5-1959 a committee consisting of 20 members was elected and it was decided to enlist 200 volunteers from there. 150 persons from among the audience itself volunteered to be enlisted. The 'Nair leaders' of Mylakkad (Quilon) N.S.S. Karayogom meeting locally on 24-5-1959 elected a 20-member committee to organise volunteers for the proposed agitation. At the joint meeting of the N.S.S. Karayogoms of Cherumangad, Kuzhikkalidavaka, Puthoor, Anakottoor and Pontheswaram (Quilon) at Kottarakara on 25-5-1959, it was decided to contribute Rs. 25 and 10 volunteers from each Karayogom for the purpose of the agitation. The action council of the 'Anti-Education Act agitation' meeting at Quilon on 24-5-1959 decided to organise volunteer corps to guard the closed school and to supply them with necessary identity cards. The Nair leaders of Kottapuram, Kurumandal, Kalakoda, Poothakulam, Paravoor and suburbs meeting at Paravoor on 22-5-1959 decided to organise volun-

teer corps consisting of 130 members to support the campaign. 30-member committees were also formed for the purpose in all Karayogoms. The N.S.S. Karayogom at Punalur elected a special committee to organise a volunteer corps and to collect subscriptions for the agitation.

At a meeting a Vettikavala (Quilon) of the N.S.S. on 26-5-1959 it was decided to enlist 200 volunteers from the N.S.S. Karayogoms and Sri R. Balakrishna Pillai was elected as the convener for organising the same. At Pathanamthitta, Ranni and Aranmula volunteers are being recruited by the Christian churches and the N.S.S. It is gathered that the volunteers would be supplied with sticks with flags at the end so as to use them as weapons if required. The N.S.S. Union, Karunagapally is reported to have collected Rs. 1,750 and enlisted 1,000 volunteers so far for the purpose.

TOTAL NUMBER OF VOLUNTEERS IN QUILON DISTRICT

N.S.S.	10,000
Catholics	15,000

ALLEPPEY

At a conference of the members of the Thathampally Church, Edavaka (Alleppey), held locally on 17-5-1959 a volunteer corps of 50 was formed in connection with the 'Anti-Education Act agitation'. It is further reported that Catholic volunteers are being enlisted in Sherthalai Taluk to participate in the agitation. The Nairs of Mampuzha (Alleppey District) at a conference on 13-5-1959, decided to organise a volunteer corps of 150 strong to participate in the agitation. Sri M. R. G. Panicker, Registrar of N.S.S. Karayogoms was camping at Sherthalai on 11 and 12-5-1959, giving instructions to the Karayogom workers in connection with the proposed agitation. The Sherthalai taluk/union of N.S.S. meeting on 11-5-1959, decided to enlist 10 volunteers from each Karayogom to participate in the agitation and to collect Rs. 25 from each Karayogom for the fund. About 100 representatives of the N.S.S. Karayogoms of Thiruvalla taluk who met locally on 16-5-1959 decided to enlist volunteers and collect funds for the closing of school agitations. Another decision to enlist 2,000 volunteers was taken at a conference of the local Catholics of the Pazhayangadi Edavaka on 17-5-1959. Similar decisions were also taken at Mount Carmel, Vattayal, Kattur and Poonthope Churches in Alleppey District. The Catholic Churches of Alleppey

are reported to have decided to house the volunteers at convenient places for utilising them to picket schools and to meet the force expected from the supporters of the Government. The Muttom Church authorities have already rented a building near the Church for this purpose. Christophers are also being trained at various places in the Districts to meet any emergent situation. At Vattayal church about 100 Catholics have been recruited. At Pulinkunnu the agitators have selected 150 volunteer captains. These volunteer captains have been asked to raise 15 persons each to protect the closed schools etc. It is also reported that the agitators have a plan to stock stones to be used against the police and others who attempt to put down the agitation.

A conference (500) of the volunteers and volunteer captains of Chennamkari, Kavalam, Kainakary and Pulinkunnu (all in Alleppey District) was held at Pulinkunnu on 28-5-1959 under the presidentship of Fr. L. J. Chittoor. The conference decided (1) to enlist at least one person as volunteer from each house and to give them necessary training, (2) that the volunteers should carry on, house to house propaganda regarding the agitation, (3) to resist with force if anybody attempted to open the closed schools and (4) to organise a separate protection committee for each school.

25 volunteers have been recruited at Kayamkulam by the Vicar of the local Kannisa Church to take part in the agitation.

TOTAL NUMBER OF VOLUNTEERS IN ALLEPPEY DISTRICT

N.S.S.	4,000
Catholics	11,000

KOTTAYAM

The Catholic leaders of Mundakayam meeting at the Catholic church, Koottickal, on 21-5-1959 elected one Sri. K. V. Kurien, Pottenkulam, to organise a volunteer corps of 500 strong under the name "Vidyalaya Samrakshna Samithi" in connection with the "Anti-Education agitation". Another volunteer corps of 100 members is reported to have been formed at Olassa (Kottayam) under the leadership of Sri Mayoor San-kunnu Pillai. A batch of 30 volunteers (RSS) is being given training in drill etc., by Sri Madhavan Nair, Physical Director, NSS Hindu College, Changanacherry, at Puzhavath. Under the auspices of Santhisena, about 25 persons (all communities) are being given training at Kurussummod (Changanacherry).

About 240 Christophers are being imparted training at Thuru-
thy church maidan. The Parippassu NSS Karayogom (Kotta-
yam District), it is learnt, has decided to send a volunteer
corps of 20 strong for this purpose. The representatives of the
Changanacherry diocese are reported to have decided to depute
25 volunteers from each parish and to send the list to one
Varkey Kannampuzha who has been elected as the volunteer
captain. Another batch of 30 persons are being given training
in "marching drill" at Madappally (Kottayam) and 15 persons
at Mattom compound near Changanacherry under the auspices
of the NSS.

At Karugachal, also, the NSS is raising a volunteer corps
of 200 strong under Sri Kadakayath Govinda Pillai. Another
batch of 50 NSS volunteers are being given training in march-
ing etc., at Kunnumbhagam, Erattuvadakara by one Sankaran-
kutty (Sevadal Captain). Five youngsters are being trained
in fencing and sword fighting at Kattadiyil house, in front of
the S.D. College, Changanacherry. Weapons like daggers,
sticks and swords are being used for the training.

TOTAL NUMBER OF VOLUNTEERS IN KOTTAYAM DISTRICT

	No.	Training	Arms, if any
N. S. S.	1,360	Training in march- ing drill.	Sword, daggers, sticks etc., to a
Christians.	1,280	Sword fightings, using of daggers etc.	few.

ERNAKULAM

Volunteer organisations are reported to have been formed
at Mattancherry church (700) Chullickal church (800), St.
Sebastians church (2000), Syrian church (300) and Nazareth
church (2000) (all in Ernakulam District). It is also reported
that 122 volunteers are being given training in 'marching drill'
by one K. J. Joseph at St. Mary's High School ground, Alwaye
(Ernakulam). Another batch of 100 volunteers are being
trained at St. Sebastians' High School ground, Ernakulam, by
one Joseph of Thoppumpady. There is a move to organise 101
volunteers at Perumbavoor for the proposed agitation. One
Mammy Kurukkal from Cannanore has reached the place to
give training in "Adi thada".

It is learnt that volunteers at the rate of one male member
from each house are being enlisted under the control of the
Parish priests at Muvattupuzha and Kothamangalam (both in
Ernakulam District.) The idea is to provide a guard of not

less than 25 volunteers at a time at each of the catholic
management schools from 1-6-1959. It is further understood
that the volunteers have collected and stored sticks in chur-
ches.

It is reported that 200 volunteers are being trained daily
from 26-5-1959 at Vallam St. Theresya's church, Perumbavoor
(Ernakulam District), by one Devassy Pathrose, an ex-army
man. They are given training with bamboo sticks of the
size of a lathi.

Volunteers have been enlisted at the Puthenpally church,
Varapuzha (400), Chirakkam, Varapuzha (100), Chettibhagam,
Varapuzha (20), Thundathumkadavu (150), Koonammavu
(75), Parur Kottakavu (400), Parur Kuttukadu (200), Puthen-
velikara (250), Gothuruthi (500), Chathamadu church (250),
Parur town (150), Kuthiathode church (250), Thuruthipuram
(500), Munambom (250) and at Ayyampilly church (200) (all
in Ernakulam District).

The N.S.S. also is reported to have enlisted 250 volunteers
from Kottuvally and 250 from Ezhikkara (both Ernakulam
District).

TOTAL NUMBER OF VOLUNTEERS IN ERNAKULAM DISTRICT

N.S.S.	540	(of this, 2,000 are trained in
Christians	28,000	marching with sticks and
		without sticks.)

TRICHUR

At Trichur about 3,200 volunteers are known to have been
recruited by the Private School Managers Association to guard
the closed schools and picket the Government schools etc.

TOTAL NUMBER OF VOLUNTEERS IN TRICHUR DISTRICT

N.S.S. and Catholics	15,000
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CANNANORE

It is gathered that the Catholic missionaries of Manan-
thody taluk are carrying on propaganda requesting the parents
not to send their children for schooling. Volunteers are also
being organised at the above place by them.

TOTAL NUMBER OF VOLUNTEERS IN CANNANORE DISTRICT

Catholics	4,136
N.S.S.	Nil.

There is information that Rev. Fr. C. J. Varki, manager of the Chembra High School and four other L. P. Schools at Kayanna within Perambha police station limits has organised about 500 local Christian settlers to support the proposed agitation by picketing schools which re-open and function during the agitation. But no training is known to have been imparted to these persons. Similarly, local Christian settlers at Kodancheri, Tiruvambadi and Nayarkolli, within Tamarasseri and Mukkom police stations are also known to have been alerted by the sponsors of the agitation to keep themselves in readiness to picket schools, etc., Rt. Rev. Dr. Sebastian Valoopilly, Bishop of Tellichery, has taken up the lead in the matter.

Besides the Catholic churches and priests, the planters are also reported to be taking a keen interest in organising the Anti-Education Act campaign in Kozhikode District. They are likely to bring Catholic volunteers from T-C. area and enlist Muslim rowdies from Ernad taluk to counteract the possible attack on students engaged in picketing, by communist volunteers and sympathisers.

TOTAL NUMBER OF VOLUNTEERS IN KOZHIKODE DISTRICT

N.S.S.	nil
Catholics	1,700

PALGHAT

It is reported that the Roman Catholic priest of Wadakkancherry church has enlisted about 25 volunteers for use in the agitation.

TOTAL NUMBER OF VOLUNTEERS IN PALGHAT DISTRICT

N.S.S.	nil
Christians	25

[Extracts from the special branch officer's report, who enquired about the functioning of the cell courts based on the allegations of Dr. K. B. Menon, M.P., in his reply to the Law Minister's letter.]

I. CELL COURT ACTIVITIES AT CHATHANTHARA IN PATHANAMTHITTA IN QUILON DISTRICT

The main allegation is that O. M. Kunjucherukkan, the local cell secretary, who is said to have been expelled from the Party continues to be the active organising secretary.

Enquiries reveal that the Secretary O. M. Kunjucherukkan has been suspended and that the fact has been noted in the records of the Party Office. But he maintains his association with the committee (of which he was the secretary) and its work.

II. CELL COURT ACTIVITIES AT PADANAKKAT OF HOSDURG VILLAGE IN HOSDURG TALUK

The main allegations are:

(a) That the Communist court is still functioning in the area.

This is incorrect. No instance has come to notice since the one on 9-7-1957 viz., the notice served on P. Hassainar by O. V. Chandan referred to in the letter, of the communists interfering in disputes and no cell court is known to be functioning either at Padanakat or at Kanhangad as alleged.

(b) That the communist people are trying to evict Hassainar from his holding by force.

This is baseless and is calculated only to give a false propaganda so as to show that the communists are taking advantage of their party in power. No instance has been reported of communists trying to evict Hassainar by force from his holding.

(c) That the life of Hassainar in his homeland is in peril and every attempt of himself with the assistance of his constituency M.L.A. to approach the police and get help for security of his life has proved of no avail.

This is wholly unfounded. Hassainar has not petitioned the police in this regard since June last. But on an earlier petition received by the Police, Kunjaman was warned by the

police against any wrongful act. The litigants are now getting on without any hitch and there is no trouble now.

A leading P.S.P. worker of the locality frankly admitted to the enquiry officer that no attempts were being made to evict Hassainar by force, that no cell court is functioning now in the area and that Hassainar do not fear harassment from Kunjaman and others.

It is also revealed that there is no cell court functioning in the area and that there is no organisation engaging in parallel judicial activities now.

III. CELL COURT ACTIVITIES AT DELAMPADY VILLAGE IN KASERGODE

The main allegations are:

(a) That as far as Kasargode area is concerned, it is nothing but blackmailing and an utter state of chaos and insecurity for the villagers in their daily lives.

This is more imaginary than real. No such instance of blackmailing has come to notice. No villager has complained of insecurity to his life and property. Some of the villagers who were contacted did not express such fear.

(b) Communist cells are effectively making redistribution of land to their comrades and henchmen by threatening the persons.

The allegation is far from true. There is no such activity now and the Communist Party of the area is not known to be engaged in the redistribution of land. But, however, there were two instances during the first week of September, 1957, where the local Kisan Sangh interfered and brought about a redistribution of property within Delampady taluk. They are:

(i) On a complaint received by the President of Delampady Kisan Sangh from one Mayilappa (a member of the Sangh), that he has a right over 3 acres of land, the President of Sangh called for Chomanna Gowda and others and requested them to part with one acre of Kumki land in favour of Mayilappa.

(ii) The President of the Kisan Sangh interfered and induced on Madvya Gowda of Mutiar *amsom* to part with 90 cents of land in his possession in favour of Krishnappa Bandari.

Excepting these two incidents which are only acts of mediation, no such instance of the Kisan Sangh making a redistribution of land has come to notice.

Regarding petitions under Sections 1145 Cr. P. C. pending before the Executive First Class Magistrate, Kasergode, since 11-4-1957, the information is that the number may range from 30 to 35. The above includes 6 petitions received during January-February, 1958. Regard being had to the fact that a vast area of Kasergode and Hosdurg taluks remains without a correct survey and consequential boundary disputes, the above number cannot be considered as an indication of lawlessness.

ANNEXURE X

GRIEVANCES OF THE GOVERNMENT PRESS WORKERS— GOVERNMENT'S STEPS FOR REDRESSAL EXPLAINED

Government have issued the following Press Note :

In accordance with the decisions arrived at the Conference held on 31-8-1957 by the Minister for Education and the Minister for Labour with the representatives of Labour, on the various demands of the workers of the Government Presses, Government in their order ED(E)6-19876|57|EHD dated 16-9-1957 sanctioned certain concessions and benefits to the employees of the Printing Department of the Kerala State. The following are the main benefits extended to them.

1. The scale of all categories of employees in the Government Presses who were in the scale of Rs. 40—100 to be revised to Rs. 40-120 with effect from 1-4-1957.
2. A higher grade of Rs. 80—150 to be created in the Composing, Printing, Binding and Foundry Sections and the ratio between the higher grade and lower grade to be fixed as 1 : 4.
3. Milk to be supplied to the Compositors, Foundry workers, Intertype and Monotype Operators, Attenders working in the Type Stores, Printers, etc.
5. Uniform and dungri cloth to be supplied to the workers.
6. Part-time sweepers to be converted into full-time sweepers.
7. The pay of counters and similar category of staff to be revised from Rs. 30—1—40 to Rs. 30—2—50.

Before fully implementing the above orders, three Unions (There are A.I.T.U.C., U.T.U.C. & M. P. Menon's Union) representing the workers placed further demands which were

also discussed at a high level Conference presided over by the Minister for Education. The Minister for Labour also was present. The Deputy Secretary to Government, Education Department; the Joint Secretary to Government, Finance Department; the Superintendent of Government Presses and three representatives of the Unions attended the Conference. The main demands placed before the Conference held on 24-11-1958 by the workers' unions were the following:

1. All temporary employees having one year's service be absorbed into regular establishment with retrospective effect and increments for past service in their respective scales be granted.

2. The past service of 79 temporary employees before 1-1-1952, be reckoned.

3. Imposing allowance to the Imposers be allowed from date of discontinuance.

4. Mechanics allotted from Madras State Service and now equated with turners and welders be equated with jr. mechanics on the scale of Rs. 50—150.

5. Shift system be modified to conform to the Factories Act.

6. Direct recruitment for supervisory posts be discontinued and the posts be filled up by promotion on the basis of seniority and experienced hands in service also be exempted from the literary qualifications in the matter of filling up posts in the supervisory cadre also.

7. Giving effect to the revised scales of pay of Ruling Machine Feeders, Ruling Machine Minders, Sweepers, Counters, Packers, Attenders, Gate Keepers from 1-4-1957.

8. The ratio between those on Rs. 40—120 scale and those on Rs. 80—150 be revised as 1 : 1.

9. Night allowance be granted to night shift workers.

It is felt necessary at this stage to inform the public and the employees of the Department about the action taken and the decisions implemented till date.

The pay fixation statements of the employees as per the order ED(E) 6-19876/57/ EHD dated 16-9-1957 were prepared and forwarded to the Comptroller for check and he, in turn, stated that it would take a few months to check the statements on the basis of the entries made in the service books of the individuals concerned. Government, being anxious to redress

the grievances of the employees, have sanctioned the drawal of the arrears due from 1-4-1955 without pre-audit and 75 per cent of the arrears were drawn and disbursed a few months back after getting a bond from the employees to the effect that excess payment, if any, found on final approval of the pay fixation statements will be refunded. The remaining 25 per cent also was drawn and disbursed on 29-1-1959.

Milk is being supplied to the employees as decided at the Conference.

Uniforms are being stitched by engaging a tailor in the Government Press taking the measurements of every employee and the same will be supplied shortly.

Part-time sweepers have been converted into full-time sweepers and the benefits given to them.

With regard to the demands raised at the Conference held on 24-11-1958 the present position is as follows:

Absorption of all temporary employees having one year's service into regular establishment is being examined by Government in the Service Section and orders will be issued soon.

Reckoning of past service of 79 temporary employees is being examined by Government in the respective sections.

The imposing allowance discontinued from 1-2-1958 is being paid from the above date and arrears due have also been drawn and paid.

Government in the Integration Section of the Secretariat are examining the question of the complaint regarding the equation of the posts of the Mechanics allotted from Madras and orders will be issued shortly.

Government in the Finance Department are considering the staff required for implementing the full shift system in the Government Presses.

The question of direct recruitment to the supervisory posts by promoting the workers is being examined by Government.

The revised scales of pay of the Ruling Machine Feeders, Ruling Machine Minders, Sweepers, Counters, Packers, Attenders, Gate Keepers from 1-4-1957 have been sanctioned by Government.

Government have revised the existing ratio of 1 : 4 between those on Rs. 40—120 and those on Rs. 80—150 as 1 : 3.

Government have also sanctioned a night allowance of

Naye Paise 25 (Twenty-five only) per head per day to those who work in the night shift.

In the light of the above facts Government wish to make it clear that they have extended the maximum benefits to the employees of the Government Presses in the Kerala State when compared with similar categories of employees in the Government Presses elsewhere and most of the decisions arrived at the Conference have already been implemented.

ANNEXURE XI

PROCEEDINGS OF THE CONFERENCE HELD AT TRIVANDRUM ON 27TH JULY 1958 REGARDING THE DISPUTE IN THE SITARAM MILLS

Present :

1. Shri T. V. Thomas, Minister for Transport & Labour.
2. Shri P. Govinda Menon, President, Sitaram Textile Labour Congress, Trichur.
3. Sri K. Karunakaran, Secretary, Sitaram Textile Labour Congress, Trichur.
4. Shri George Chadayammuri, President, Sitaram Textile Workers' Union, Trichur.
5. Shri A. Kunjukrishna Pillai, I.A.S., Labour Commissioner.

The several aspects of the dispute in the Sitaram Mills, which has arisen consequent to the transfer of 5 workers from the Winding Department to the Reeling Department, were discussed and the parties agreed as follows:

1. The 5 workers transferred from the Winding Department to the Reeling Department on the 5th May 1958 and later dismissed on refusal to accept the transfer order will be re-employed and they will work in the Reeling Department till the 15th August, 1958. These workers will be re-transferred to the Winding Department after the work shift on the 14th. For the period for which they worked in the Reeling Department, they would be assured that there should not be any fall in their normal earnings in the Winding Department.

2. All the dismissed workers including the above 5 workers will be reinstated in service immediately and the period

they were out of employment will not be treated as break of service.

3. All disciplinary actions against the workers connected with the dispute will be dropped forthwith.

5. All cases which have arisen in connection with the dispute including those cases connected with the Satyagraha before the Trichur Collectorate and pending in the court will be withdrawn and the sentences against them will be remitted immediately.

5. Other outstanding issues, if any, will be discussed later.

6. The management and the Unions will enter into a formal agreement, embodying the terms of the above settlement for presentation before the Tribunal, with a view to the withdrawal of the pending reference for adjudication.

(1)	Sd.	(2)	Sd.
(3)	Sd.	(4)	Sd.
(5)	Sd.		

Trivandrum, 27th July 1958.

(True copy)

ANNEXURE XII

ALLEGATIONS ABOUT STATE'S FINANCIAL POSITION BASELESS Minister Quotes Facts and Figures

The Minister for Finance has issued the following statement:

My attention has been drawn to the following statement, issued to the Press by the K.P.C.C. President on the 13th June 1959, wherein he boasts about a secret source of information revealing, according to him, an 'alarming' financial position of the State. It is with an air of mystery that he said that he could not reveal his source of information.

At the outset I wish to state that it is ridiculous that a responsible person like Shri Sankar pretends to have secret information about our State finances, when it is well known that figures about the assets and liabilities of the State are easily obtainable from the annual financial statement and Budget papers, which are supplied to all M.L.As and to the Press.

Shri Shankar is making a deliberate attempt to confound and hoodwink the ordinary citizens, who are not well-informed about affairs of State finances.

The first thing that has to be understood by every citizen of the State is that the increase in liabilities of the Government has been brought about by a large outlay on the development programmes of the State, which are all approved by the Central Government. This increase in liability certainly brings in its consequence tangible additional assets to the State. And let it be clearly known that the increase in loan liabilities is not anything peculiar to Kerala. Every State in India is depending to a large extent on loans from the Government of India and from the open market for purpose of financing the development plans. Here again, while the public debt of Kerala is only about 150 per cent of our annual revenue, that of neighbouring Madras and Mysore States is about 200 per cent. The budget figures as on 31-3-1959 (as per Budget estimate of 1958-59) are given below:

Name of State	Total Public Debt (Rs. in Crores)	Revenue (Rs. in Crores)
Kerala	51.34	33.62
Madras	126.02	62.40
Mysore	101.59	50.97

This comparison is made only to convince the public that our debt position is in no way worse than that of our neighbouring States.

LOAN POLICY

The scheme of financing various development activities of the Second Five-Year Plan envisages the raising of 'open market loans' and 'loans from the Government of India'. The increased tempo of expenditure on various Plan Schemes is met by raising such loans and the liability of the State is also increased accordingly. It is expected to go up from Rs. 29.72 crores as on 31-3-1957 to Rs. 53.44 crores (and not Rs. 54.44 crores as stated by Shri Shankar) as on 31-3-1960 and this represents the liability of the State in respect of open market loans and loans from the Government of India. The moneys so raised and spent on development schemes have also increased our national assets considerably. During the period under review the total assets of the State are expected to increase from Rs. 65.41 crores to Rs. 98.40 crores (estimate). The rate

of increase of the liabilities of the State is matched by corresponding increase in the assets.

For the information of the K.P.C.C. President and the public at large, I may be permitted to point out that in the Second Five Year Plan for the Kerala State (a Plan prepared by the Congress Government and not by the present Government) their scheme of financing included borrowing from the public to the extent of Rs. 22½ crores (including market loans alone to the tune of Rs. 19 crores) for the Five-Year period. This Government would have been justified by floating loans at the rate of Rs. 4 crores every year. We have, however, floated only a loan of Rs. 3 crores and odd in 1958-59 and nothing in 1957-58. Out of a Plan outlay of Rs. 4,800 crores for the whole of India, Rs. 2,000 crores i.e. about 42 per cent, was to be financed by open market loans and external borrowing. Kerala is part of India and nothing peculiar has taken place here in regard to the position of public debt.

SALE OF SECURITIES

The K.P.C.C. President speaks about depletion of securities held by Government. It may be noted that one of the methods of raising resources for the Second Plan as approved by the Planning Commission is by the sale of securities. After all, the best way of utilising the resources held as security is by productive investment in development schemes. In 1957-58 securities to the face value of Rs. 70 lakhs alone were sold against the sum of Rs. 250 lakhs taken credit for in the Budget for 1957-58 by way of sale of securities. For 1958-59 as against the expected resource of Rs. 220 lakhs by sale of securities only Rs. 82.51 lakhs was received. For 1959-60 securities worth another one crore of rupees are expected to be sold. The depletion of securities from 8.93 crores on 31-3-1959 to 6.24 (estimate) as on 31-6-1960 is nothing so very alarming as Shri Shankar points out.

The K.P.C.C. President frets and fumes about loans to co-operative societies and he seeks to impress upon the public that crores of rupees have been squandered to favour communist-controlled societies. For the information of the public, I wish to make it clear that only Rs. 43.78 lakhs is accounted for by way of loans to co-operative societies out of Rs. 7.32 crores disbursed as loans in 1957-58 and 1958-59 (R.E.). The increase in the amount of loans sanctioned by Government during 1957-58 and 1958-59 is due to the fact that consequent on the forma-

tion of the Kerala Electricity Board the amount required for executing various electricity schemes is advanced by the State Government as loans whereas the expenditure was formerly accounted for under another capital head. It is only a change in classification that shows an increase of Rs. 545 lakhs under loans and advances by the State Government.

Further, let it be clearly understood that loans to co-operative societies are granted in accordance with the various Plan schemes approved by the Government of India and Planning Commission and in sanctioning such loans there is no question of any political discrimination. Interested parties in the State are day in and day out spreading the scandal about lavish loans to communist-sponsored labour contract and toddy tapper's co-operative societies. The truth is that Government are not giving any loans directly to these societies. Such societies are depending upon Co-operative Banks for their financial requirements. The provision included in the Revised Estimate for 1958-59 for advances to the State Co-operative Bank for giving loan facilities to labour contract societies was only Rs. 4 lakhs. As regards toddy tappers' co-operative societies, no such advance has been given to the Co-operative Bank for giving loans to them. The loud propaganda carried on by Shri Shankar and his fellow-men is only based on fiction and not fact.

FLOATING DEBT

Another allegation made by the K.P.C.C. President is about the floating debt of the Government. The main reason for the apparently large floating debt of the Government is the purchase of rice for distribution in the State. The strain on the resources of the State consequent on the large outlay on the plan has also contributed to the increase in floating debt. It is noteworthy here, as has been mentioned previously, that in the past two years the State sold only Rs. 152.51 lakhs worth of securities as against Rs. 470 lakhs budgeted for. The shortfall in the sale of securities is made good to some extent by having recourse to the floating debt. Running down of cash balance is not inconsistent with the methods of finding resources for the Plan. Since the money is used for development programmes, the dwindling of cash balance need not at all cause any anxiety.

The charge that the present Government have spent about Rs. 20 crores for importing food grains is totally unfounded. Nor is the nature of allegation clear. The State Government

have incurred a loss of about Rs. 92 lakhs during 1957-58 and 1958-59 by subsidising the sale of rice through fair price shops. In times of scarcity Government cannot but resort to the purchase and distribution of foodgrains. Part of the rice was supplied by the Government of India at prices fixed by them. The balance was purchased by Government at the lowest possible rates. Let there be no mistake about these facts.

Quoting some figures, claiming that the source is secret, the K.P.C.C. President is misleading the public, forgetting for the while that he is doing a signal disservice to the country as President of a responsible organisation.

ANNEXURE XIII

RICE DEAL ENQUIRY REPORT

Statement by Government

The Government of Kerala had, in the latter half of 1957, to buy rice for supply to fair price shops in the State. To this end, the Government entered into an agreement with the firm of Messrs. T. Sriramulu P. Suryanarayana & Co., in Madras. The parties of the Opposition raised a hue and cry over this deal and charged the Government with using this rice purchase in order to raise funds for the Communist Party. The word "Kumbhakonam" was bandied about. An amount was also mentioned, i.e., Rs. 16½ lakhs, as having been misappropriated through this deal. On the basis of such a widespread political campaign, a demand was made on the floor of the Legislature that a judicial enquiry should be instituted. While the Government were convinced that these were wild and unfounded charges, they thought it necessary to give the Opposition an opportunity to prove their charge of improper enrichment of the Communist Party at the expense of the State.

2. The Government also thought it worthwhile to examine whether the transaction resulted in any avoidable loss to the Government. For, this particular deal and subsequent deals for purchase of rice involve expenditures of vast sums of public money. There is always the possibility, that, in the transactions involving such large expenditure of public money, losses occur for various reasons. Some of these losses may be unavoidable, but others may be avoided if adequate precau-

tions are taken. The Government was anxious to find out what can be done to prevent avoidable losses, and to reduce unavoidable losses to the minimum.

3. The Government therefore appointed Mr. P. T. Raman Nair, as a one-man Commission with the following terms of reference:

- (i) Whether the purchase of 5,000 tons of rice by the Kerala Government from Messrs. T. Sreeramulu P. Suryanarayana & Co., Madras, in August-September, 1957, was unjustified having regard to the food situation in the State; and
- (ii) Whether the purchase resulted in avoidable loss to State.

They have now received the Report of the Commission. The Government desire, to take this opportunity to express their gratitude to the Commission, as well as to the witnesses and others who helped the work of the Commission.

4. The main charge of the Opposition was that what was purported to be spent by the Government to purchase rice through the firm of Messrs. Sriramulu and Suryanarayana, was a cooked-up figure while the actual amount spent in the purchase was much less. The difference between the two amounts was alleged to have been pocketed by the Communist Party. On this point, the finding of the Commission is quite clear: "There is no evidence in support of the suggestion made by the 'A' party (Shri T. O. Bava) that the prices which the Madras firm purports to have paid are not the real prices and that the firm made a secret profit which is shared with a number of others not exceeding the millers themselves. B. Ws. 7, 8, 9 and 11, represented a number of mills which, between them, supplied 79 waggon loads out of the total of 250 waggon loads. Their evidence is that the entire price shown in their invoices in Ext. B. 71 series was paid to them by the Madras firm within a few days of the despatch of the rice and that they did not share any portion of the price with anyone else. Cash books, ledgers and stock registers of four of these mills were sent for and examined and it was found that the entries therein were in agreement with the entries in the invoices" (Para 79).

5. Second charge levelled against the Government and gone into by the Commission was that, while the amount paid was for the higher quality cone-polished rice, the quality actually supplied was huller polished. On this point too, the

Commission comes to the conclusion that "the suggestion is opposed to the evidence" (Para 81).

Regarding the quality of rice generally, the Commission says: "On the materials furnished, I cannot positively find one way or the other, either the rice as a whole was defective in quality or that it was of proper quality. At least five waggon loads out of the 250 must have been of defective quality" (Para 86). In other words, the A party (Shri T.O. Bava) has totally failed in proving that there was a conspiracy to supply inferior quality while making payments for superior quality. The proportion of the defective quality stocks to the total stocks is nothing extraordinary under similar circumstances.

Regarding the quantity too, the Commissions finds: "The shortage in transit owing to shrinkage worked out to only 1.1 per cent against the usual 2 per cent allowed under this head" (Para 89).

6. The Commission has, however, come to the conclusion that the deal has resulted in avoidable loss to the Government. The Commission makes the calculation that "the price paid by the Government was at least a rupee a bag higher than the price at which the rice could have been obtained, the total on this account being at least Rs. 68,000. To this, the Commission adds another item of loss to the extent of Rs. 34,000 to Rs. 68,000 resulting from the purchase of cone-polished instead of huller-polished rice. A third item calculated by the Commission, that of "incidental expenses inclusive of the margin allowed to the Madras firm, which, according to the Commission, "were very probably two annas a bag in excess", comes to Rs. 8,500. Finally, the Commission calculates a loss of between Rs. 2,000 and Rs. 3,000 resulting from the defective quality of nearly six waggon loads of rice. The total of these comes to over a lakh of rupees (Para 104).

7. The Commission bases its findings in this regard, not on a comparison of the prices paid by the Government with the actual prices at which this variety of rice was purchased by anyone in Andhra, but on a surmise that perhaps some one else could have got the rice at Re. 1 less. On the other hand, the Commission itself states: "It might be that had any other mode of purchase been adopted, in the particular circumstances, there would still be even this uncertainty about the prevailing f. o. r. prices. And, having regard to the falling market, it was perhaps advisable to fix the price at the prevailing price on the

date of despatch rather than to settle it in advance at a definite figure" (Para 128).

8. It may be recalled that, in the session of the State Assembly in May 1957, the entire House had demanded that the Government should get rice at any cost and keep the Fair Prices Shops going. June and July had gone, and, with no firm commitments from Central Government coming forth, the Government was facing a serious situation. The other source of supply, viz., Tanjore District in Madras State was barred to Government. It could get the rice only from Andhra. There was no question of the Government inviting tenders for the supply of rice at fixed prices and for a period, for it is well known that, when speculative trading was the order of the day in foodgrains—the Kerala Government had no control over this state of affairs—, no one would come forward with an offer to supply rice at fixed prices.

9. It was in these circumstances that the Kerala Government entered into an agreement with the firm of Messrs. Sriramulu and Suryanarayana for an initial supply of 5,000 tons. The price stipulated was the prevailing f.o.r price in the locality concerned on the date of despatch. The Commission itself states: "That, in normal conditions, this was fair enough". (Para 53). Further, as the Commission has noted, the Government had taken the precaution of posting two "senior officers of experience and proved integrity as Rice Officers for the purpose of supervising the purchase and verifying the quality and the price" in order "to ensure that there would be no over-charging and no deficiency either with regard to quantity or quality". The Commission says that "in normal circumstances, the assumption might have been valid enough". (Para 53).

10. But, according to the Commission, a peculiar circumstance prevailed in that no purchases were taking place in Andhra by merchants from Kerala, and therefore, the prevailing market price could only be the price at which purchases were made on behalf of the Kerala Government. The Government are in no way responsible for this. They cannot act on the assumption that, over a long period the Kerala merchants would refrain from purchasing in Andhra, which admittedly is the main source of supply of rice for Kerala in the relevant period, before the short-term Kuruvai crop of Tanjore comes to the market in sizable quantity in October. And the Government could not keep away from the market as the mer-

chants, whose primary concern is maximum profits, may do. The Government, which had responded to the demand of the people and taken upon itself the responsibility of supplying the consumers through the fair price shops and whose main source of supply that had operated till then—the Central Government—had ceased to make such supplies, could not keep quiet. The mood of the people was—and this is a mood which the Government shared—that supplies should be got even if it involves a certain amount of loss. It was under such circumstances that the Government entered the market through the firm of Messrs. Sriramulu and Suryanarayana. It should further be remembered that no individual or firm of merchants came forward to undertake such supplies for the Government. All those who said they were prepared to do so were haggling for terms as a result of which a decision to supply the fair price shops and the consequent practical measures for securing such supplies were getting more and more delayed.

11. The Commission bases its conclusion—that perhaps the rice could have been got at a cheaper price—on the theory of its being buyer's market. The Government only desires to point out that all the orthodox economic terms of buyer's and seller's markets have been exploded by the entire developments in the post-war period, particularly in the recent period. Despite the formation of Zones prices have risen even in surplus States like the Punjab. Kerala has been the only market for the variety of Andhra rice and yet this did not prevent its rise in prices a few months after the formation of the Southern Zone.

12. As regards the alleged loss on account of the supply of cone-polished instead of huller-polished rice, it should be noted that no one had made any gain on account of this. Actually the consumers benefited by the supply of a superior variety.

13. As regards the Commission of five annas per bag agreed to in this first deal, it is necessary to point out that the Commission itself states: "On the face of it, therefore, it cannot be said that the margin of five annas paid to the Madras firm was excessive or that the expenses incurred by the Government on its Rice Officers and its inspection agents was unnecessary". (Para 91). It is difficult to reconcile the Commission's conclusion that there was a loss of Rs. 8,500 on this account with the above conclusion.

14. The Government, however, wants to make it clear

that it is as anxious as anybody else that, even under such circumstances, the transactions that are entered into by the Government should involve the least possible loss to the public exchequer. That was why the Government included the question of avoidable loss in the terms of reference to the Commission. The Government, however, regrets to note that Commission's findings on this point do not help the Government in any way in this objective.

15. The Government regret to note that the Commission seems to have been guided by its own notions of "elementary principle of public administration".

The Commission says :

"It is an elementary principle of public administration (so well accepted that it is hardly necessary to cite chapter and verse) that all Government purchases of any magnitude—and the present purchase was for over Rs. 25 lakhs—should be on the basis of competitive tenders, or if for any reason that is not practicable, at least after obtaining the quotations from well-established and reputable suppliers". (Para 106).

This would apply to purchases by Government for its requirements of normal administration. This, however, has no relevance whatever in the case of rice trade by Government, which had not been considered previously part of Government's normal administrative functions. Government's entering the trade in foodgrains has been necessitated precisely because of the activities of the wholesale dealers in a period of scarcity. If the Government were to act on the basis of this "elementary principle", it would defeat the very objective with which the Government enter the trade in foodgrains. For, this would enable the wholesale dealers to form a ring and bargain with the Government for maximum prices. It would thus put the Government and the people at the mercy of the wholesale dealer in foodgrains. That this is no idle speculation, but a real danger to people's food, has now been recognised by the Government of India, the Planning Commission and the representatives of the State Governments who jointly took the decision that the present is a period in which wholesale trade in foodgrains should not be left in the hands of private traders, but should be taken over by the Government. This is, of course, a decision taken more than a year after the period of the Kerala Government's deal in Andhra through the firm of Messrs. Sriramulu and Suryanaraya. But, even in August-September 1957, the Government of India did issue an Order

fixing ceiling prices for rice in Andhra. For this purpose, the Central Government had to enact an urgent legislation which was applicable to almost all the States of India. Even these steps proved insufficient, and, in 1958, Government had to accept the principle of State itself taking over the wholesale trade in foodgrains. It would, therefore, be clear that the period in which the Government of Kerala entered into this transaction was one in which the Government had to actively intervene in order to secure supplies through methods which may be considered unorthodox, if one were to stick to the "elementary principle of public administration" enunciated by the Commission.

16. It may be further mentioned that the Commission considers the observance of this "elementary principle" so important that it would not even mind if, in a particular transaction, or even a series of transactions, an actual loss has been incurred through the observance of this principle of competitive tender. The Commission observes: "There must be compelling reasons for any departure from this principle, and it is well to remember that, taking a long view of the matter, even if a particular departure actually resulted in advantage either in terms of time or money, that would be no justification" (Para 106). In other words, the Commission would consider it an "unavoidable loss" if the strict observance of the principle of competitive tender enabled the traders to form a ring and extract several lakhs of rupees. This is a position which the Government cannot accept. Nor can the Government accept the proposition that advantage in terms of time should not be a consideration with the Government. In fact, time is a factor of the greatest importance since it is a question of avoiding every moment of suffering by the people.

17. It may, in this connection, be mentioned that this "elementary principle of public administration" was not observed by the Kerala Government or by the Government of Andhra in the deals recently entered into by them for purchase of rice in Andhra for Kerala. In November 1958, our Government was able to secure supplies to the extent of 5,000 tons on the basis of an agreement between the two Government, according to which our Government was to purchase 5,000 tons at Rs. 40 to 41 per bag. This price was fixed without calling for tenders. This was followed by an arrangement between the two Governments to supply on the terms which were that the Government of Kerala would pay at the rates fixed by the Andhra Millers' Association; that only if the Government of Kerala

received an offer for a lesser price from somebody else, if the Government communicate this to the Andhra Millers' Association and if the latter are not prepared to sell at this lower rate can the Government of Kerala purchase from anybody else. The rates fixed for each deal were agreed to between the Andhra Millers' Association and the Government of Kerala. Here too, there was no question of tenders. Trade in general, i.e., dealers & mill owners who were outside the circle of the Andhra Mill Owners' Association, had no chance to know the price quoted by the Association and then to make the offer. This transaction would come under the category of those which led to avoidable loss if the Commission's basic principle is accepted. But, if the Government had not come to such an agreement with the Government of Andhra, we would not have got the supplies which we did in November 1958 and subsequent months.

18. Another fact to be noted in this connection is that, though some representatives of the Kerala Merchants had given quotations of prices at which they say rice was available, none of them came forward with an offer to supply at this lower rate. On the other hand, Messrs. Sriramulu and Suryanarayana offered to supply and did supply, to the Government of Kerala, not only in August-September 1957, but subsequently also. Even after the Government of Kerala came to an agreement with the Andhra Millers' Association, the firm of Messrs. Sriramulu and Suryanarayana offered to supply and did supply. They did so, sometimes at rates lower than those quoted by the Andhra Millers' Association. These continuous offers and supplies by the firm of Messrs. Sriramulu and Suryanarayana were one of the factors which enabled the Government of Kerala to get supplies at lower rates in recent months. The agreement with Messrs. Sriramulu and Suryanarayana therefore helped the Government in getting supplies at a time when supplies were not coming through normal trade channels even if it was at a price higher than those calculated by the Commission; the agreement also helped the Government in subsequent transactions by securing supplies at rates lower than those quoted by the Andhra Millers' Association. The Government, therefore, is of opinion that the agreement with the firm of Messrs. Sriramulu and Suryanarayana has been of benefit to the State.

19. There is another point of great importance referred to by the Commission on which also the Government desire to express an opinion. Just as on the question of competitive

tenders, so on the question of the official procedure too, the Commission proceeds on certain assumption which, according to the Government are not valid at all. The Commission, for example, is opposed to the method of Ministers or other authorities holding conferences and taking quick decision. The Commission says: "A conference might be a speedy and effective way of resolving differences and arriving at a decision or an agreement. But this presupposes that there has previously been a careful study of the matter in hand in all its aspects. And there is always the danger that clever salesmanship, or strength of personality, or weight of authority, might carry the day against the better judgement of those whose duty it is to examine the merits of a proposal from all angles. There is always the risk of deciding or agreeing first, and thinking afterwards". (Para 114). The Commission does not think much of those who are impatient at office routine and red-tapism which holds up work, and adds: "while enthusiasm and imagination are certainly not out of place and expedition is something devoutly to be wished for, I am afraid that many of the jibe's commonly cast against so-called red-tape are cheap and ill-informed, and that with the utmost good faith there are risks involved in the conduct of the business of the Government on what I might call a personal note". (Para 126). This is an approach which is not in keeping with the trends of thinking on public administration in present-day India. Our Prime Minister has, for long, been advocating the "conference method" in preference to the method of "passing papers from room to room". Our people too have become fed up with the red-tapism and delays of routine administration, particularly in matters affecting the lives of millions and millions of people. This Government is determined to take all possible steps to remove these delays and to get things done quickly. The Government, therefore, regretfully expresses its inability to accept the Commission's findings in this respect.

20. To sum up, the Commission's findings on "avoidable loss" are based on its approach to the way in which the business of the Government should be conducted. That approach is the absolute inviolability of the "principle of competitive tenders" and the "principles of routine administration". These are principles which the Government cannot accept as universally applicable. The Government, on the other hand, feel that, in the present period, more vigorous steps are required in the direction of (a) active State intervention in economic matters and (b) through change in the system of day-to-day

working of administrative machinery. A state of affairs in which the management of economic affairs is entirely left to the private sector to do as it likes and the running of administrative machinery is allowed to go on in the good old ways of red-tapism and routine, is a denial of the programme of building a socialist society.

21. The Government is, of course, conscious that increasing State intervention in the management of economic affairs and greater flexibility in the system of public administration would sometimes involve financial losses and other dangers. It is the responsibility of the Government to take steps to prevent them. Unfortunately, however, the Commission's findings would amount to giving up the very idea of greater State intervention in the management of economic affairs and greater flexibility in public administration. The Government hope that further studies by the Government, the Legislature, the Press and the general public would help in minimising abuses while at the same time guaranteeing the working of the democratic socialist principles.