

## CHAPTER VI.

### BANKING, TRADE AND COMMERCE.

#### INDIGENOUS BANKING AND CREDIT FACILITIES.

The agencies for the supply of rural credit are Government, Co-operative Societies, money-lenders, relatives, traders and commission agents and commercial banks. Among these agencies the money-lenders dominate the rural credit, and the credit supplied by the Government as well as through Co-operative Societies and other agencies is almost insignificant. The money-lenders or the indigenous bankers charge high rate of interest than other agencies but still they are popular in rural areas because (i) they are easily approachable, (ii) borrowers have not to undergo any red-tapism and (iii) they have not to spend any money for obtaining loans. Besides, the village *Mahajans* and *Sahukars* who lend money, sometimes advance loans without any landed security and so the borrower has no fear of attachment of property. But while these indigenous bankers are the most important constituent of the rural credit machinery, they exploit the rural borrowers and charge exorbitant rate of interest.

To safeguard the interest of the borrowers the Money-lenders Act, 1938 is in force to some extent which checks the rising tendency of interest.

In this district there were 1,652 licensed money-lenders at the close of the year 1956-57 and the amount of loans advanced by them were as follows :—

	Urban area.	Rural area.
	Rs.	Rs.
(a) With security .. .. .	6,52,016	7,55,294
(b) Without security .. .. .	1,09,960	7,29,084

#### CO-OPERATIVE CREDIT SOCIETIES AND BANKS.

In Monghyr district there are three Central Co-operative Banks at Monghyr (Jamalpur), Jamui and Begusarai. The area of operation of the Monghyr Central Co-operative Union, Ltd., is extended to the whole of Monghyr subdivision. The area of operation of Jamui Central Co-operative Bank is extended to the Jamui subdivision but that of Begusarai Central Co-operative Bank is extended to Begusarai and Khagaria subdivisions of the district. Previously there was a Central Co-operative Bank at Haveli-Kharagpur but this Bank was amalgamated with the Monghyr Central Co-operative Union, Ltd., from 1st July 1956.

The main activity of these Central Co-operative Banks is to provide agricultural finance to their affiliated Co-operative Societies, which in their turn finance their agriculturist members as short-term and medium-term loans for productive purposes. Short-term loans are advanced to agriculturist members to meet their current production needs such as seeds, manures, etc. These loans are made available to them at short notice and are repaid within 9 to 12 months, and in exceptional cases like cultivation of sugarcane within 18 months. Medium-term loans are advanced for purchase of live-stock, agricultural implements, etc., for a period of 3 to 5 years. Rate of interest on all kinds of loans is  $6\frac{1}{4}$  per cent per annum from the ultimate borrower, i.e., the cultivators. Loans are advanced on the security of the landed properties of the members but such securities are not required for loans below Rs. 100. Personal securities are taken in all cases. Loans are also available from Co-operative Societies to its non-agriculturist members, such as artisans up to Rs. 100 as working capital. In very exceptional cases loans up to and exceeding Rs. 1,000 are advanced on the prior approval of the Circle Assistant Registrar.

The following figures will show the number of different types of Co-operative Societies and Banks in the district:—

Types of Societies.	No.
1. Central Co-operative Banks .. ..	3
2. Primary Credit Societies and Multi-purpose Co-operative Societies.	813
3. Consumers' Co-operative Stores .. ..	16
4. Teachers' Co-operative Stores .. ..	1
5. Vikash Mandal Societies .. ..	8
6. Fishermen's Co-operative Societies .. ..	11
7. Weavers' Co-operative Societies .. ..	20
8. Urban Societies .. ..	4
9. Large-size Societies .. ..	16
10. Oilmen Co-operative Societies .. ..	10
11. Industrial Societies .. ..	2
12. Sarvodaya Societies .. ..	2
13. Housing Societies .. ..	1
14. Other types .. ..	..

The following figures will show the present position of the Central Co-operative Banks of the district:—

Particulars.	Monghyr Central Co-operative Union.	Jamui Central Co-operative Bank.	Begusarai Central Co-operative Bank.
1. Paid up share capital .. ..	88,551	15,294	17,680
2. Reserve fund .. ..	5,878	42,550	71,172
3. Borrowed capital .. ..	2,82,345	1,00,908	3,91,286
4. Working capital .. ..	4,19,274	1,58,752	3,21,920
5. Loan advanced to Co-operative Societies	1,56,945	83,725	1,62,692

THE FOLLOWING FIGURES THROW CONSIDERABLE LIGHT ON THE WORK AND PROGRESS OF THESE CO-OPERATIVE SOCIETIES.

MULTI-PURPOSE CO-OPERATIVE SOCIETIES IN THE DISTRICT OF MONGHYR.

	Number of Societies.		Number of Members.		Loans paid during the year to individuals.		Loans repaid during the year.		Loans due at the end of the year.	
	1956.	1957.	1956.	1957.	1956.	1957.	1956.	1957.	1956.	1957.
1	2	3	4	5	6	7	8	9	10	11
					Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Monghyr Central Co-operative Bank.	144	103	10,314	8,421	7,416	14,516	12,026	16,295	70,446	40,278
Monghyr Central Co-operative Bank Branch Haweli Kharagpur (Amalgamated in Monghyr Central Co-operative Bank in 1957).	25	17	941	403	..	4,875	2,681	3,711	8,432	7,534
N. E. S. Block, Monghyr ..	..	28	..	3,011	..	19,091	..	9,516	..	32,503
N. E. S. Block, Haweli Kharagpur.	..	17	..	573	..	11,130	..	732	..	12,654
N. E. S. Block, Haweli Kharagpur (Large size).	..	1	..	25	..	..	..	..	..	..
N. E. S. Block, Haweli Kharagpur (Non-affiliated).	..	2	..	79	..	..	..	..	..	..
N. E. S. Block, Sheikhpura	..	39	..	1,589	..	49,891	..	1,655	..	32,533
N. E. S. Block, Barbigha ..	18	55	432	1,520	..	53,892	..	28,166	..	62,588
C. D. Block, Barbigha ..	28	..	580	..	7,174	..	8,355	..	30,605	..
Jamui Central Co-operative Bank.	47	59	868	1,294	10,339	31,422	8,007	12,841	35,065	62,414

	Number of Societies.		Number of Members.		Loans paid during the year to individuals.		Loans repaid during the year.		Loans due at the end of the year.	
	1956.	1957.	1956.	1957.	1956.	1957.	1956.	1957.	1956.	1957.
	1	2	3	4	5	6	7	8	9	10
Jamui Central Co-operative Bank (Non-affiliated).	..	1	..	40	Rs. ..	Rs. ..	Rs. ..	Rs. ..	Rs. ..	Rs. ..
N. E. S. Block, Lakshmipur	20	26	306	584	2,700	14,557	420	5,866	5,897	14,559
N. E. S. Block, Lakshmipur (Large size).	..	1	..	29	..	..	..	..	..	..
N. E. S. Block, Lakshmipur (Non-affiliated).	4	2	135	43	..	..	..	..	..	..
N. E. S. Block, Jhajha ..	..	2	..	24	..	..	..	234	..	117
N. E. S. Block, Jhajha (Non-affiliated).	..	1	..	78	..	..	..	..	..	..
C. D. Block, Chakai ..	29	37	831	1,302	15,960	32,105	6,619	14,202	27,068	44,919
Begusarai Co-operative Bank	110	..	4,795	..	1,58,498	..	1,05,304	..	2,02,070	..
Begusarai Co-operative Bank (Non-affiliated).	4	..	..	..	..	..	..	..	..	..
Gogri N. E. S. Block ..	4	..	97	..	4,079	..	1,854	..	2,225	..
Gogri N. E. S. Block (Non-affiliated).	12	..	16	..	..	..	..	..	..	..
Parbatia N. E. S. Block ..	7	..	94	..	..	..	..	..	..	..
Parbatta N. E. S. Block (Non-affiliated).	9	..	..	..	..	..	..	..	..	..

The co-operative movement has made steady progress in the district. There has been continuous increase in the number of Co-operative Societies of all types and in their membership. The total number of families brought under co-operative fold is 33,820. From the foregoing details it will appear that co-operative movement is not only helping in providing agricultural finance but also in other field of activities, like supply of consumers' goods, chemical fertilizers, handloom industries and other important activities.

#### JOINT STOCK COMPANIES.

In the district of Monghyr there are no joint stock companies registered under the Indian Companies Act except a few limited companies like Bihar Chemical Industries, Ltd., Monghyr, Jamalpur Ice Company, Ltd., and the Lakhisarai Electric Supply Company which has now been taken over by the State Government. Besides there are a few limited type of Co-operative Stores registered under the Bihar and Orissa Co-operative Societies Act of 1935. Most of the Co-operative Stores are defunct except a few which are dealing in supply of consumers' goods and sale of the text books published by the Bihar Text Book Committee.

#### BANKS.

There are four banks at Monghyr, viz., the State Bank of India, the Bank of Bihar, the Central Bank of India and the Punjab National Bank. At Begusarai, Khagaria and Lakhisarai there are pay offices of the State Bank of India. At Khagaria there is a Branch Office of the Central Bank of India. At Jamui there is no Commercial Bank. As has already been discussed before, there are Central Co-operative Banks at Monghyr (Jamalpur), Begusarai and Jamui.

The main activities of the Commercial Banks at Monghyr and other places are (1) to accept deposits of all kinds and (2) to make advances against Government securities, shares, foodgrains, etc. These banks accept Current Deposits, Savings Bank Deposits and Fixed Deposits from six months to one year. They also issue Cash Certificates for three years. Rate of interest on each type of deposit varies according to the nature of deposits. These banks make advances against securities, Government Promissory notes, etc. Advances are made mostly against foodgrains, cotton piece goods, sugar, *kirana* goods, oil of various kinds. Banks keep certain margins which vary from commodity to commodity according to their quality. Banks also make advances against their own deposit receipts, e.g., Fixed Deposit and Cash Certificates keeping a margin of about 10 per cent. Besides, these banks also transact other banking business like collection of bills, sale of demand and drafts and telegraphic transfer on their own offices for their parties. They also purchase bills on behalf of their parties.

## LIMITED COMPANIES AND INSURANCE COMPANIES.

The number of limited companies in the district of Monghyr is very few.

As regards Insurance Companies, there were agents of almost all Insurance Companies at Monghyr and other important places of the district. The total business covered by all Insurance Companies in the district before their nationalisation was about 40 lakhs.

After the nationalisation of Life Insurance Companies in 1956 insurance business was so canalised as to facilitate its being run through an institution, Life Insurance Corporation, by name. This corporation, as in other districts, has got its sub-branch office at Monghyr, which was given start in November, 1956. There are thirteen field officers working in this sub-branch office, in which one is posted at Khagaria, one at Jamui, one at Kalyanpur and one at Haveli Kharagpur while the rest of them are stationed at Monghyr with an allotted area of the district in their charge. The field officers who have an area in their charge, work through the appointed agents who are distributed over the villages in their area. These village agents are an important link in the whole system. They secure business through direct contact with the people. These agents are on commission basis calculated on the premiums on the policy.

The sub-branch at Monghyr sends up the proposals to the Head Office at Patna, for final approval. Then at Patna office, when the required first premium is paid and all the formalities fulfilled, the policy becomes a running one and the sub-branch office concerned is informed. The sub-branch office works as the link between the policy-holders and the Corporation's Head Office, recommending policies, forwarding complaints from the policy-holders and dealing with any kind of discrepancies.

In Monghyr, life insurance business has been expanding rapidly, which is shown by the fact that in 1957 policy worth Rs. 75,00,000 were placed, out of which those worth Rs. 63,00,000 were completed. For the year 1958 up to 2nd June 1958, the position is presented by the table below :—

	No. of proposals.	Amount.
		Rs.
Introduction .. ..	500	19,00,000
Acceptance .. ..	463	17,41,000
Completion .. ..	383	12,16,000

The statement above gives an amount of Rs. 12,16,000 worth of policies having been completed during the six months in the beginning of the year 1958, which amount appears to be less and

whose cause may be assigned to the apparent drought and scarcity in the whole district. But the flow of business is nonetheless normal, and as usual it is expected that during the rest of the months, the business may well be covered as in the years before, because it was in only one month of December, 1957 that the Corporation got completed policies worth Rs. 20,00,000.

Now the Corporation has prepared a new scheme known as "Janta Policy Scheme". Under this scheme one can take out a minimum policy of Rs. 250 for an annual premium of Rs. 12 or more. This new scheme is suitable for the people living in rural and industrial areas.

#### STATE ASSISTANCE TO AGRICULTURE AND INDUSTRIES.

Before independence there was no organised way of giving State assistance to farmers for the development of agriculture. State assistance for irrigation was very meagre.

Statement showing the amount disbursed yearwise under the head "Agricultural Land Improvement and Industries" from 1947-48 to 1956-57.

Year.	Agricultural.	Land Improvement.	Industries.
	Rs.	Rs.	Rs.
1947-48	9,425.00	8,000.00	..
1948-49	1,26,126.00	12,800.00	..
1949-50	2,39,916.00	2,39,905.00	..
1950-51	14,59,750.00	1,94,902.44	..
1951-52	53,99,574.00	81,783.00	..
1952-53	47,69,343.00	88,893.00	..
1953-54	27,41,060.00	41,466.00	..
1954-55	40,93,217.00	93,595.00	..
1955-56	10,12,785.00	88,290.00	1,000.00
1956-57	8,16,070.00	44,814.00	1,700.00

Many major irrigation schemes have also been taken up by the Government during First Five-Year Plan. Some of them have been completed and some are under execution.

After the Act\* came into operation five persons of Monghyr district were granted loans from the Department of Industries, Patna, machine, expansion of manufacturing business, etc. Normally a sum to the tune of Rs. 98,000. The largest amount was a loan of Rs. 50,000. A few small amounts of money had been granted to a few persons of Monghyr for purposes like purchase of sewing of Rs. 10,000 is allotted annually to Monghyr district under this head.

\* Bihar State Aid to Industries Loan Act, 1956.

## TRADE AND COMMERCE.

The Census Report of 1951 mentions that in about a dozen important towns of Monghyr district, out of a population of 2,67,117, about 37,754 people or 14.1 per cent of the population are engaged in commerce. The corresponding figures for the rural area of the district derived out of a sample survey of villages inhabited by 2,58,314 people, are only 9,822 or slightly less than 4 per cent of the population. Although there is a great deal of difference between the conditions that obtain in North and South Monghyr, the percentage of people dependent on trade and commerce does not seem to vary materially.

The chief commercial classes are Agrawalas, Agraharis, Marwaris and the Banias. Agrawalas are engaged usually in banking, trade and other allied occupations, such as petty trading in gold and jewellery, money-lending, etc. The poorer members among the Agrawalas usually act as servants and brokers. Agraharis are tradesmen rather than bankers, taking to such occupations as selling rice, wheat, and *kirana* goods. Marwaris are a well known and form an enterprising commercial community. They are both bankers and traders. Banias are usually petty traders in cloth and grains; and they are the people that usually man the groceries as well as the familiar *pan-wala's* shop at street crossings.

With the growth of industries, the pattern of imports and exports has also undergone a parallel transformation and it is no longer the pure agrarian economy exporting only raw materials and importing finished goods. Coal has to be imported for running factories, such as the Railway Workshop at Jamalpur, the Cigarette Factory at Monghyr, the Gun Factory at Monghyr and so on. Iron and steel machineries, etc., have to be imported for the same purpose. Among other imports are salt, refined sugar, piece goods, cement, cotton-yarn, kerosene oil, spices, cotton and woollen cloth, foodgrains, fodder, hardwares and utensil and also some tobacco. Small quantities of quality wood are also imported. It is difficult to get the correct statistics of import and export through various channels.

Agricultural product such as foodgrains, oil-seeds, gram and pulses, wheat, mustard, chillies, etc., are important items of export. A certain quantity of tobacco leaves, raw sugar (*gur*) and *ghee* are also exported. Slate from Kharagpur hills, *khas* grass, *mahua*, *lathis* made out of bamboos, mica, hides and skins, silica, saltpetre, the leaves of the sal trees, *sabai* grass and fish are exported from different areas.

Monghyr has not remained unaffected by the gradual emergence of an industrial pattern in the State as a whole and some industrial products have come to occupy a significant position in the export



trade of the district. Among such items are *sindur* or vermilion which is manufactured at Lakhisarai, cigarettes which are manufactured at Monghyr, slates manufactured at Dharhara (Jamalpur), guns produced at Monghyr, *biris* and Raniganj tiles produced at Jhajha, ceramic potteries and low tension electric insulators manufactured at Mallehpur in Jamui. Country wine is exported from Manhatha. Export of handloom cloth takes place from Gogri and Jamui.

Among the trade centres of the district, the importance of Monghyr is due to its being the district headquarters, in addition to the location here of the tobacco manufacturing industry and the gun factory. Jhajha is an important centre for tobacco trade, particularly *biris* and *biri* leaves. Maheshri and Chakai are important for mica. Lakhisarai is trade centre for vermilion and colours as well as foodgrains. Barahiya is, however, the largest trade centre for foodgrains in the district, though Barbigha and Tarapur-Kharagpur also have some importance in this sphere. In the northern portion of the district, a considerable volume of trade in chillies is carried on at Teghra and Barauni in the Begusarai subdivision. Gogri-Jamalpur in Khagaria subdivision has become an important trade centre largely due to its geographical situation which enables it to supply different places such as Parbatha, Chautham, Gogri and Bakhtiarpur. Khagaria itself is another important trade centre dealing with grains, fish, *ghee*, butter and cheese. Both Khagaria and Gogri-Jamalpur are situated on the banks of river, the former on the Gandak and the latter on the Ganga. Communications are difficult in the northern portion of the district and hence the importance of rivers as channels of trade. This importance of the rivers in the north is also due to the fact that river Ganga intervenes between this area and the factories and manufacturing centres in South Monghyr. But the special reason for the importance of Khagaria as a trade centre is due to the fact that it serves as a supply base for the district of Saharsa and adjoining areas of Darbhanga. The geographical position, proximity to river and rail-heads make Monghyr, Jamalpur, Khagaria, etc., rather important.

Among the important market places of the district are Monghyr and Jamalpur, both of which are regulated by municipalities. The market places of Khagaria, Begusarai, Lakhisarai and Barbigha are regulated by Notified Area Committee; and Union Committees look after the *bazars* of Gogri, Haveli-Kharagpur, Jhajha and Jamui. The names of village markets would be far too many to recount, but important among them are Bariarpur, Sangrampur, Asarganj, Surajgarha, Sheikhpura, Barbigha, Sikandra, Teghra, Barauni, Sahebpur Kamal and Simri-Bakhtiarpur. Two important cattle markets in Monghyr are located at Mansurchak and Mukhana Bazar in Bakhtiarpur. A third one which meets on every Monday

and Friday is at Tarapur. An important *hat* dealing with miscellaneous articles is held at Maghaul in Bariarpur.

When fairs and *melas* are held the places in question become markets of no mean importance for the time being. And such *melas* are fairly numerous in Monghyr. The most important *mela* is held at the time of Dashera in Jamalpur and Monghyr, though there are scattered fairs in other parts of the district also. The number of people who come to have "Darshan" of Mother Goddess runs into hundreds of thousand and the fair assumes gigantic proportions in and about the town of Monghyr. A two-day fair is also held on Kartik Purnima day at several places, notable among them being Kashtaharni Ghat, Simaria Ghat, Chandi-Asthan, Rasalpur, etc. An important fair is held on Maghi Purnima day at Sitakund, near Gangata. Among other fairs may be mentioned Basant Panchami Mela in Magh (January-February), Shivaratri Mela in Phalgun (February-March) and Bhado Purnima Mela in September, held in the same manner and more or less at the same places as Kartik Purnima and Maghi Purnima fairs. In the month of Shravana (which corresponds to July-August of the Christian calendar) a fair takes place every Monday at Shiva Temple, Jamalpur. Another important fair is Rishikund Mela. This takes place every third year, in the "Malmas" for one month. And closely linked as these fairs are with the religious festivals and celebrations a certain amount of commercial implications are inherent in them.

There are about 1,000 registered retail dealers and about 250 registered wholesale dealers in the district of Monghyr. The wholesale trading is done mostly in commodities like foodgrains, cloth, sugar, tobacco, colour and vermilion, *kirana* goods, crockeries, *ghee*, butter, chillies, etc. Retail trading is of course done in articles too numerous to be mentioned. But the volume of trade is a thing that is practically impossible to determine, due to inadequacy of statistics, tax-evasion and clandestine commerce. It would, however, be fair to assume that the amount of sales tax and other commercial taxes collected to give some indications regarding the trends in volume of trade and commerce. The amounts of sales tax collected in the district during the years 1955-56, 1956-57 and 1957-58 (for the first seven months only of the financial years) are Rs. 12.42 lacs, Rs. 13.60 lacs and Rs. 12.82 lacs respectively and the same figures for the commercial taxes as a whole are Rs. 16.55 lacs, Rs. 18.95 lacs and Rs. 18.71 lacs respectively. This indicates that the rise in the volume of trade and commerce seems to have been arrested during the current year, and this may be explained by the unusual drought and scarcity this year (1958).

Probably the same fact of scarcity and drought would be largely responsible for the fluctuation of the price level in the district, though the larger scheme of the country as a whole and the impact of the expenditure on the development plans has to be constantly

borne in mind. The current price level of foodgrains has, of course, borne the brunt of the impact of scarcity and crop failures, as would appear from the figures given below :—

Commodity.	Price per md.
	Rs.
1. Paddy .. .. .	16.25
2. Rice (coarse) .. .. .	25.00
3. Rice (medium) .. .. .	27.00
4. Wheat (white) .. .. .	22.00
5. Wheat (red) .. .. .	19.50
6. <i>Rahar dal</i> .. .. .	20.00
7. <i>Masur dal</i> .. .. .	23.50
8. <i>Khesari dal</i> .. .. .	15.00
9. Maize .. .. .	14.00
10. Gram .. .. .	16.00
11. Mustard seed .. .. .	36.00
12. Mustard oil .. .. .	85.00
13. Groundnut oil .. .. .	62.00
14. Linseed oil .. .. .	54.00
15. Chillies .. .. .	15.00
16. Potatoes .. .. .	12.00
17. Salt .. .. .	4.00
18. Sugar .. .. .	36.00

No account of the trade and commerce of the district would be complete without the mention of the trade associations therein. It is indeed regrettable that the organisation of these associations leaves very much to be desired. Quite a number of them appear like mushroom growths and then disappear after a few years. At present there are a number of trade associations which are not very old. Among them are Monghyr Vyabsai Sangh, Monghyr Tax Payers' Association, Galla-grain Beyopar Sangh, Monghyr Hardware Merchants' Association and so on. There are, however, two organisations that have some permanence and standing and they are Bullion Dealers' Association and Monghyr Truck Owners' Association. There are other associations too such as Wholesale Cloth Merchants' Association, *Biri* Dealers' Association and so on.

This is, of course, an age of transition and new lines are discernible. With the completion of the Mokameh Bridge on the Ganga and the prospect of the oil refinery at Barauni there are bound to be changes and a number of subsidiary industries will come in and new trade centres will be formed and there will be newer trends in Banking, Trade and Commerce.