

CHAPTER VI.

BANKING, TRADE AND COMMERCE.

BANKING AND FINANCE.

Not much is known regarding the early system of the indigenous banking in the district excepting that village *mahajans* appear to have been in existence from time immemorial. In the days when there was more of communal life in the village and when the prosperity or adversity of one family meant more to other families, it could be well imagined that there was more of ready credit facilities within the village or within a zone of a number of villages. Credit taken could also be repaid by manual work, either for interest or for payment towards capital. The more prosperous agriculturist was also a sort of a bank for the poorer agriculturists or to the landless labourers. A bad manifestation of such credit facilities was the *kamiauti* system or the bonded labourer.

During the days of the foreign commercial *kothis*, credit facilities were available from the agents of the *kothis*. The *dadan* system, according to which an advance payment was made for the future crop, was quite common. The *kothis* were for a pretty long time, the friend, philosopher and guide of the agriculturists who would grow crops at their bidding. At one time some of the foreign *kothis* had the privilege of drawing money from the Government treasury and maintain an account. The money was distributed among the *raiyats* as an advance.

The zamindars were the other source of credit facilities in the rural areas. The zamindars fully appreciated that much of their agricultural prosperity depended upon a well satisfied smaller agriculturists and labourers. They wanted a proper realisation of the rent and they wanted their extensive *bahast* lands to be cultivated. The condition of the zamindars in the early days was unenviable. They used to be farmers of the rent to be paid to the Company and for want of payment they used to be put in custody. They avoided such embarrassing circumstances by crediting the rentals of *raiyats* in advance and realised the rentals later. This was a peculiar type of indigenous banking. Many of the *sanads* and *firman*s of the landlords from the time of the Muslim rule refer to their social obligations. One of the social obligations was to find credit to the *raiyats* in times of need.

Another source of credit facilities is the State. From the very beginning of the British administration, the State has offered credit facilities to the agriculturists. No such facilities appear to have been offered by the State at that time to the industrialists, big merchants or traders. They used to have regular accounts in the *kothi* and the *kothi* in their turn had accounts with the treasury. The agriculturists have always been given suitable loan for buying seeds, plough or cattle.

Famines and floods, which are unfortunately not uncommon in the district, was usually followed by wide-spread distribution of loans under various Acts. During famine period, apart from money facilities, seeds have also been offered. The State, apart from giving direct assistance in the shape of monetary loans, has also sponsored the Co-operative Banks for credit facilities in the rural area.

In a way it may be said that one of the basic reasons for the colossal rural indebtedness is an easy way of getting finance. At a time when the circulation of money was of a different type, the landless labourers, the small and big cultivators, the petty and big zamindars all could get loans from one source or other just for the asking. The result was a certain encouragement towards uneconomical living and growing accumulation of indebtedness. As a matter of fact, in certain family of zamindars indebtedness almost became a feature denoting prestige. In this connection it may be said that the annual Sonepur *mela* was a great clearing house for debts and credits. Big zamindars used to be ready at their camp at Sonepur *mela* for giving advances to the men and particularly to the sons and heirs of aristocratic zamindars for purchase of comforts and luxury.

There do not appear to have been many hereditary money-lenders. Certain big money-lenders of Patna City in the eighteenth and early nineteenth century had their clientele in Saran district. Banwari Lal Sah of Chapra who made large endowments for *sarai* and hospital was one of the noted bankers in the early nineteenth century.

The set up of the present indigenous banking system has not much changed so far as the professional money-lenders is concerned. The All-India Rural Credit Survey conducted by the Reserve Bank made some investigations in the district of Monghyr and the Research Department of the Reserve Bank published the monograph (1959). Although the data relate to 1951-52, they are of some value and the findings about Monghyr may be accepted to some extent for the district of Saran as well. In any case the survey shows important trends. It appears that the Co-operative Movement is inadequately developed and that the proportion of borrowing from it to the total borrowings and debts are negligible. The role of the State in the supply of credit was only slightly better. Forty-nine per cent of cultivating families resorted to the professional money-lenders who apparently supply 79 per cent of cultivator's total borrowings. In spite of the efforts of the State Government during the last few decades to strengthen the Co-operative Bank and to curb the vagary of the money-lenders by statutory Acts, the money-lender has flourished and is more popular to the creditors than either Co-operative or the State. This also indicates the magnitude of the problem that has to be faced by the State and the public for finding quick credit at cheaper rate and which will not set up a vicious circle. There

is no doubt that the uneven distribution of holdings discussed at several places has some relevance to the problem.

It has been calculated that in India the professional money-lenders, agriculturist money-lenders, relatives, traders and landlords supply about 93 per cent of the total amount borrowed for cultivation. According to this computation, the combined contribution of Government and co-operatives is about 6 per cent of the total indebtedness. The figures are as follows :—

Credit Agency.	Proportion of borrowing from each agency to the total borrowings of cultivation.
Government	3.3 per cent.
Co-operatives	3.1 per cent.
Relatives	14.2 per cent.
Agriculturist money-lenders	24.9 per cent.
Professional money-lenders	44.8 per cent.
Traders and commission agents	5.6 per cent.
Landlords	1.5 per cent.
Commercial Banks	0.9 per cent.
Others	1.8 per cent.
	100.0 per cent.

The private money-lender dominates the scene because he adapts himself to the needs of the borrower. He is always available to hand over the money so that some expenditure which brooks no delay may be met at once. He has to live in the same village or near his debtor. He has different kinds and degrees of hold on those to whom he chooses to lend. He will first apply social or economic forces involving loss of local prestige, before he will resort to litigation.

The data collected by the survey of the All-India Rural Credit reveal that borrowing from private agencies (other than Commercial Banks) bears a rate of interest of 25 per cent or more but is as high as 70 per cent in Orissa, 49 per cent in Tripura, 40 per cent in West Bengal, 29 per cent in U. P. and 27 per cent in Behar. It follows that money-lending legislation had little effect on what the cultivator is actually charged by the money-lender. The total number of village money-lenders interviewed by the survey party said that their financial operations made it necessary that they themselves should borrow. As many as 78 per cent mentioned are other money-lenders, some 6 per cent mentioned are indigenous bankers and 4 per cent referred to Commercial Banks as sources available to them for financing their transactions. The other money-lenders are presumed to be bigger money-lenders in the towns.

They are defined as money-lenders who accept deposits and deal in *hundis*. To a very small extent they lend direct to the agriculturists. They fall to the same category of urban money-lenders and form a part of the financing superstructure of private credit. The indigenous banker, like the Commercial Bank which in many parts of the country is replacing him as a financier of trade, is often a trader himself. Further he finances smaller money-lenders. That this mixed agency of trade and credit still serves a residual number of more or less useful purposes is true but what is not true is that the indigenous bankers thereby become entitled to be considered seriously as an appropriate instrument of rural credit. A claim of this sort has been made from time to time by association of indigenous bankers with a view to obtaining facilities of rediscount from the Reserve Bank of India. So far as rural credit is concerned, the All-India Rural Credit Survey Party viewed that there would be more danger than benefit to the cultivator if the indigenous banker is constituted.

The merit as well as the demerit of the private credit is that it is private. The size of the money-lender's participation in rural credit is undoubtedly large. Nevertheless, it is a mistake to imagine that the size is a measure of the place he must occupy in a realistic solution. Co-operation and banking are the only means by which the weaker rural producer can be protected from the shackles of powerful interest and helped to develop strength and prosperity.

There are four Joint Stock Banks and Loan and Investment Companies in this district. They are (1) State Bank of India, (2) Central Bank of India, Limited, (3) Punjab National Bank, Limited, (4) Bank of Bihar, Limited. The State Bank of India has a branch at Siwan and at Chapra and Pay Office at Gopalganj. The Central Bank of India has also two branches at Saran and Chapra. All the normal facilities to the constituents are offered by the banks.

The Siwan Central Co-operative Bank at Siwan has the following liabilities and assets for 1955-1957 :—

Siwan Central Co-operative Bank, Siwan (Bihar)
(24th February 1948).

Number of offices including Head Office—1.

[In thousands of rupees.]

	1955-56.	1956-57.
Capital and Reserves	2,83	3,20
Deposits and loans held at the end of the year from	4,56	8,20
Cash in hand	21	18
Cash in Bank	78	70
Loans due by individuals and Banking Societies.	4,37	6,27

The number of Banking Institutions in this district is not adequate. The figures, however, have to be accepted against the background of the distribution of offices of Scheduled, Non-Scheduled and Co-operative Banks in Bihar. The corresponding figures for West Bengal are 1,98,17 and 96, respectively, while in the small State of Kerala they are 1,87,404 and 38, respectively. Banking habit has not yet fully developed. Dacoities and looting of cash and jewellery running to more than four figures from a household are not uncommon in this district. The following distribution of Banking Offices, including Foreign Banks and Co-operative Banks, with population in the several States in 1957 taken from the Statistical Tables relating to banks in India for the year 1957 (Reserve Bank of India, Bombay), will be of interest :—

DISTRIBUTION OF BANKING OFFICES INCLUDING FOREIGN BANKS AND CO-OPERATIVE BANKS, BY POPULATION
IN SEVERAL STATES, 1957.

States.		No. of places.										Total of places.	No. of offices.											
		10,00,000 and over.	5,00,000 to 10,00,000.	2,00,000 to 5,00,000.	1,00,000 to 2,00,000.	75,000 to 1,00,000.	50,000 to 75,000.	25,000 to 50,000.	10,000 to 25,000.	5,000 to 10,000.	Below 5,000.													
Andhra	1	27	1	14	5	44	4	26	6	28	13	49	59	105	19	25	6	6	123	333		
Bihar	2	22	3	18	2	7	5	17	12	29	22	40	5	9	6	7	66	156	
Uttar Pradesh	1	..	39	6	102	9	67	3	17	9	39	26	90	52	108	14	20	21	25	519	
Kerala	4	103	..	..	5	108	10	54	61	184	48	99	32	53	629	
Bombay	..	1	193	2	82	4	66	6	72	3	28	16	82	43	190	117	244	127	198	62	76	425	1,278	
Punjab	2	38	2	24	2	16	5	23	15	65	39	109	30	55	35	45	153	391	
West Bengal	..	1	166	1	9	3	5	4	11	6	16	13	49	20	38	3	3	4	5	64	311
Madras	..	1	166	3	95	3	64	5	54	6	50	31	141	63	153	29	40	13	15	164	738

The banks in Saran district cannot be said to have contributed much of solution towards the very heavy rural indebtedness. The cultivators' need for credit arises from a number of causes. He may want short-term funds for current production, he may require a medium-term loan for purchase of livestock or he may have to borrow long term for digging an expensive well or making a substantial improvement to his land or he may have to borrow for family expenditure. Side by side the resources of the cultivator have to be considered. An assured but variable amount of cash is available to him only at certain times during the year when the crops are sold but his expenditures are spread all over the year. The bulk of the produce is sold for cash and the cultivator has to buy from the proceeds the commodities needed for family consumption. The cash resources of both the cultivators and non-cultivators are limited. All this partially explains why the banks are not so readily resorted to by the agriculturists. The large traders and businessmen of Saran district, however, patronise the banks.

• TRADE AND COMMERCE.

The principal imports are rice, paddy and other foodgrains from Shahabad, Champaran, Muzaffarpur, Darbhanga and Bhagalpur, cotton piece goods, salt and kerosene oil from Calcutta and coal from the Jharia and Giridih coalfields. The exports are sugar, molasses, linseed, mustard seed, gram, pulses and other foodgrains. Saran is a deficient district for food production and depends on Champaran and Shahabad even in normal times. It has already been mentioned that money sent by the emigrants is considerable and helps to keep up the balance.

The grain trade is of particular importance. Even at the worst time when crops fail and prices rise the *baniyas* have merely to buy large stock of grains at a higher price and they know there will be an assured profit if they sell at the right time. The main trade routes of the district are the waterways, roadways and the railways. Saran has always been depending partially on her river-borne trade. The North-Eastern Railway intersperses the district and carries the bulk of the goods traffic. The inward and outward traffic of goods through the railways has been covered in the chapter on Communication. There are no proper statistics for the goods traffic carried through the roadways. The roadways have been developed only since 1948 and the number of carrier trucks is not very large. The traffic through roadways is not heavy.

• TRADE CENTRES.

The principal trade centres are Chapra, Revelganj, Siwan, Maharajganj, Mairwa, Mirganj, and Gopalganj. These trade centres are connected both by railways and roads. Sonapur, Dighwara and Ekma are also important trade centres where a large quantity of grains are stored and distributed. Apart from these trade centres and

entrepots, there are smaller trade centres scattered all over the district. Trade through the riverways is not in consideration.

Large scale wholesale business in grains and other commodities is carried on from Chapra, Maharajganj, Mirganj and Siwan. The grain *mandi* of Chapra has about 40 wholesale dealers and the daily turnover in grains may be said to be of near about Rs. 25,000. There are also a number of wholesale dealers of cloth. The daily turnover of grains is probably bigger in Maharajganj than in Chapra. The other goods dealt with at Maharajganj are sunn-hemp, jute, molasses, onion, potato, turmeric, ginger and other spices. A large number of looms are also in operation in and around Maharajganj. Mirganj grain market for wholesale business is well organised. Several Patna merchants have agents at Mirganj, specially for pulses, linseed and sugar. Sugar is exported from Mirganj to Assam, West Bengal and the districts of South Bihar. The sugar market is due to S. K. G. Sugar Mill at Mirganj. Siwan has a good wholesale business of grain and some trade of pottery and brass work.

The retail marketing centres are scattered all over the district. Some of them are Dighwara, Sonapur, Ekma, Marhowrah and Revelganj in the Sadar subdivision; Mairwa, Guthani and Darauli in Siwan subdivision; and Gopalganj, Dighwa Dubauli and Hathua in Gopalganj subdivision. These markets are connected by the North-Eastern Railway as well as by metalled roads.

The number of village markets and *hats* are very large. Almost every village of Saran has one or two shops for the principal commodities. The village *bania* or *sahukar* has his connection with the nearest markets. He buys commodities from the nearest market at reasonable price and stocks for some time. Proper storage facilities, however, do not exist at the village markets. It is only the wholesalers who have got some sort of storage arrangement. There could be a vast improvement in trade and commerce, particularly for the agricultural produce, if there could be a village market within a daily bullock-cart's distance from the villages with some sort of storage facilities. Some of the important village markets are Basantpur, Bhagwanpur, Chhitaeli, Nabiganj, Baniapur, Barharia, Baikunthpur, Barauli, Pachrukhi, Hussainpur, Gopalpur, Hussainganj, Parsa, Shyampur, Siswan, Andar, Chainpur, Bishunpura and Sitalpur.

The large number of annual fairs and *melas*, whether due to religious tradition or economic reasons, have still a very great hold on the volume of trade and commerce within the district. Although most of the consumer goods are now available at any town or township, the *melas* and fairs have not lost their hold. To the villagers and particularly to the women in the villages, the *melas* have a strange fascination. With the provision for amusement and recreation, like circus parties, itinerant cinema, *nautankis*, dramas, agricultural

exhibition, etc., the *melas* show no sign for a decline. For the sale of cattle and agricultural goods the *melas* are particularly important. The cattle fairs have been dealt with under the chapter on Agriculture and Irrigation.

WEIGHTS AND MEASURES.

The Bihar Weights Act, 1947, came into force in Saran district in December, 1951. There are two Subdivisional Inspectors of Weights and Measures, one at Chapra and the other at Gopalganj. Their duty is to verify the weights and weighing instruments used for trade purposes. They have to visit the markets and *hats* and seize unauthorised weights and scales.

There were three systems of weights in Saran district, e.g., a seer of 40 tolas, 48 tolas and 50 tolas in different parts. Forty tolas were in vogue in Chapra town, Sadar moffusil, Marhowrah, Mashrak, Sonapur, Dighwara, Maharajganj, Mairwa, Ander, Siswan, Barharia and Mirganj. Forty-eight tolas were in vogue at Baniapur, Palezghat, Gorea Kothi, Bhore and Kateya. Fifty tolas were in vogue at Parsa, Doranda, Darauli and Guthani. The system of weights, known as *kachcha seer*, has all been superseded by the standard weight of 80 tolas in a seer.

The old system of Bullion weights were called as *bhari*, divided into annas, pices, *rattis* and *lals*. Sixteen annas equivalent to the weights of one rupee of silver coin was known as one *bhari*, one anna equivalent to four pice, one pice equivalent to four *rattis* and one *ratti* equivalent to two *lals*. These *rattis* and *lals* were seeds of a kind of bean. Standard weight scales were not in use but hand scales locally manufactured. With the enforcement of Bihar Weights Act, 1947, all these systems were changed into standard ones.

The weighbridges of the Sugar Factories are also verified and stamped before the start of cane-crushing season.

Occasional prosecutions are launched for breaches of the Act. It may, however, be mentioned that the weighing machines of the railway authorities are not verified. It is claimed by the railway authorities that as they work under Central Administration they do not come within the purview of the State Act.