

REPORT
OF THE
PUNJAB PROVINCIAL BANKING
ENQUIRY COMMITTEE,
1929-30.

VOLUME I.



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TABLE OF CONTENTS.

Chapter.	Subject.	Page.
I	Introductory	1
II	Special features of the Punjab	5
III	Existing Credit Agencies	9
IV	Agricultural Indebtedness and Rural Credit	16
V	Credit Facilities	26
VI	Land Improvement	36
VII	Marketing	48
VIII	Internal Trade	71
IX	Small Industries	77
X	Remittances Facilities and Instruments of Credit	84
XI	Co-operation	98
XII	Legislation and Legal Procedure	117
XIII	Indigenous Bankers	123
XIV	Money-lenders	129
XV	Miscellaneous	143
XVI	Investment Habit and Attraction of Capital	144
XVII	Summary of Recommendations	158
NOTE.		
A	Agricultural Debt in the Punjab	163
B	Punjab Food-grain Prices, 1890—1929	166
X/C	Replies of Assistant Registrars, Co-operative Societies, and Income-tax officers to the supplementary questionnaires..	170
D	Note on the Flood Relief Loans of 1929	188
E	Marketing in villages and Mandi	194
F	Brief notes on the marketing of various commodities	210
G	Weights and Scales	217
H	Punjab Village Surveys—Borrowing and Debt	221
I	Causes of the Increase in Mortgage Debt	235

Note.	Subject.	Page.
J	Note on the probable necessary increase of the staff of the Co-operative Department during the next few years ..	239
K	Money-lending in the Punjab	244
L	Estimate of the cost of Management of 15,468 Agricultural Primary Credit Societies in 1928-29	269
M	Land as an Investment.. ..	270
N	Number of Marriages in the Punjab	271
O	Specimen forms of Hundis	272
P	Selected Punjab Industries	274
Q	The German Postal Cheque System	308
R	Agriculturist Money-lenders	309
S	The Agriculturist Mortgagee	313
T	The Timber Trade and its Finance	316
U	Court of Wards Estates	320
V	Financing of Piece-goods trade	322
STATEMENT No.		
1	Number and value of Money-orders, etc.	326
2	Value of <i>net</i> Imports of Gold and Silver	326
3	Indian Joint Stock Banks in the Punjab	327
4	Indian Joint Stock Banks in the Punjab with a capital of less than one lakh	329
5	Urban Money-lenders and Bankers assessed to Income-tax	330
6	Rural Money-lenders assessed to Income-tax	332
7	Number of Post Offices	333
8	Post Office Savings Bank Accounts	333
9	Agricultural Mortgages and Mortgage Debt	335
10	Purchase of land in the new canal colonies	339
11	Agricultural Credit Societies	340
12	Taccavi Loans	347
13	Interest rates and net profit of money-lenders	349
14	Court of Wards Estates—Indebtedness of tenants	351

Statement.	Subject.	Page.
15	Co-operative Mortgage Banks	353
16	Storage capacity of Grain Godowns	355
17	Borrowings by members of Agricultural Co-operative Credit Societies	358
18	Military Pensions	362
19	Court of Wards Estates—Return on Land	363
20	Annual return on the purchase of Government securities	367
21	Postal Cash Certificates	368
22	Realizations in money-decrees	369
23	Gurgaon village Inquiries	370
24	Stamp duty on Instruments in the Punjab	372
25	Supply Bills	375
26	Value of Agricultural Produce	376
27	Average Bank rate	377
28	Price of land	377
29	Wells sunk in the Punjab	378
30	The Land Improvement Loans Act	379
31	The Agriculturists' Loans Act	380
	Appendix I—Statement of Expenditure	381
	Glossary	383
	Index	387
		<i>Facing page.</i>
	Banking Map of the Punjab	1
	Graphs showing fluctuations in the price of cotton and wheat	58

APPENDIX I.
STATEMENT OF EXPENDITURE.

Serial No.	Head.	EXPENDITURE INCURRED.		Grand total.
		During the finan- cial year 1929-30.	During the finan- cial year 1930-31.	
1	Pay of Officers— (Non-voted)	Rs. 7,449	Rs. 10,267	Rs. 17,716
	(Voted)	1,426	2,080	3,506
2	Pay of Establishment— (Voted)	1,292	4,110	5,342
3	Compensation house-rent allowance— (Voted)	25	72	97
4	Travelling expenses— (Non-voted)	658	187	845
	(Voted)	1,177	5,206	6,383
5	Other expenses including cost of printing— (Voted)	1,728	6,759	8,482
6	Total .. { (Non-voted) ..	8,107	10,454	18,561
	{ (Voted) ..	5,538	18,227	23,810
	GRAND TOTAL ..	13,690	28,681	42,371

GLOSSARY.

<i>Abadkar</i>	.. Peasant grantee in a canal colony.
<i>Anna</i>	.. One-sixteenth of a rupee.
<i>Arhti</i>	.. Commission agent.
<i>Asami</i>	.. A person dealing with a money-lender.
<i>Bahi</i>	.. Account book.
<i>Bajra</i>	.. Spiked millet.
<i>Bania</i>	.. A Hindu shop-keeper and money-lender.
<i>Baradari</i>	.. Literally brotherhood, but applied to all who have common family ties, however distant.
<i>Barani</i>	.. Land depending upon rain for cultivation.
<i>Basti</i>	.. A suburb village.
<i>Be-izzati</i>	.. Loss of izzat ; disgrace.
<i>Benami</i>	.. Applied to a usufructuary mortgage taken by an agriculturist nominally on his account but actually on behalf of a non-agriculturist money-lender, to enable the latter to evade the provisions of the Land Alienation Act. The agriculturist executes a bond in favour of the money-lender for the amount in question.
<i>Beopari</i>	.. Trader.
<i>Bijak</i>	.. Invoice.
<i>Bilti</i>	.. Railway receipt.
<i>Chaudhry</i>	.. The head or leader of a group, <i>e.g.</i> , a group of those following a particular trade in a town.
<i>Chhatak</i>	.. One-sixteenth of a seer.
<i>Chhoot</i>	.. An allowance or deduction of interest made when a loan is repaid.
<i>Chhora</i>	.. The discount retained by a money-lender when a loan is made.
<i>Crone</i>	.. 100 lakhs, <i>i.e.</i> , 10 million rupees, at 1s. 6d. to the rupee, worth £ 750,000.
<i>Dalal</i>	.. A broker.
<i>Dal</i>	.. Pulse boiled with spice.
<i>Danda</i>	.. Stick.
<i>Darshani Hundi</i>	.. A hundi payable at sight.

<i>Darwan</i>	..	Gate-keeper.
<i>Daryai</i>	..	Silk cloth, generally coloured.
<i>Dasawar</i>	..	Export.
<i>Deputy Commissioner</i>	..	The administrative head of a district.
<i>Desi cotton</i>	..	Indigenous cotton.
<i>Dhami</i>	..	Commission paid by the buyer.
<i>Dharwai (or dhanwai)</i>	..	Primarily a weighman, but other business may be done as well.
<i>Dharamarth</i>	..	A charge made by a commission agent for charity.
<i>Dharmao</i>	..	The same as <i>Dharamarth</i> .
<i>Dheri</i>	..	A heap of grain.
<i>Gadh chhora</i>	..	The same as <i>chhora</i> .
<i>Garbar</i>	..	Trouble.
<i>Gaushala</i>	..	An alms house for aged or infirm cattle; also applied to the charge made by commission agents for the maintenance of a <i>gaushala</i> .
<i>Gola</i>	..	A ball of thread.
<i>Gur</i>	..	Unrefined sugar.
<i>Guzara</i>	..	Livelihood.
<i>Haisiyat</i>	..	Social position with particular reference to economic status.
<i>Hamsaya</i>	..	A friendly neighbour.
<i>Hundi</i>	..	Internal bill of exchange.
<i>Ilaga</i>	..	Neighbourhood.
<i>Izzat</i>	..	Social position and personal honour.
<i>Jangli</i>	..	Original inhabitants of the canal colonies.
<i>Jat</i>	..	One of the chief landowning tribes in the Punjab.
<i>Jins</i>	..	Grain.
<i>Jotshi</i>	..	Astrologer.
<i>Kachha</i>	..	Unmetalled (applied to a road): the opposite of <i>pucca</i> .
<i>Kadha</i>	..	The same as <i>chhora</i> .
<i>Kaj</i>	..	Death ceremony and funeral feast.
<i>Kamin</i>	..	Village menial or labourer.
<i>Kanda</i>	..	A beam-scale.
<i>Kapas</i>	..	Unginned cotton.

<i>Kasera</i>	.. A dealer in utensils.
<i>Khaddar</i>	.. Plain hand-woven cloth.
<i>Khaddi</i>	.. Loom.
<i>Kharbuza</i>	.. Melon.
<i>Khata</i>	.. Ledger.
<i>Khazanchi</i>	.. Treasurer.
<i>Khes</i>	.. A hand-woven blanket.
<i>Kiriyana</i>	.. Petty groceries.
<i>Kishtbandi</i>	.. Fixing of instalments.
<i>Khoja</i>	.. A Muslim trading caste.
<i>Kotha</i>	.. A room for the storage of grain, etc.
<i>Kulah</i>	.. A kind of skull cap worn with the turban to keep it in shape.
<i>Kurta</i>	.. Shirt.
<i>Lakh</i>	.. 100,000 rupees; at 1s. 6d. to the rupee, worth £ 7,500.
<i>Lakhpati</i>	.. A very rich man.
<i>Landa</i>	.. A script used by traders for their book-keeping.
<i>Latha</i>	.. White machine-made cloth.
<i>Lehaz</i>	.. Undue favour.
<i>Lota</i>	.. An earthen vessel.
<i>Lungi</i>	.. A silk turban.
<i>Lun-tel</i>	.. A petty grocer.
<i>Mahajan</i>	.. A Hindu trading and money-lending caste.
<i>Mandi</i>	.. Market.
<i>Maund</i>	.. 82.28 lbs.
<i>Mazdur</i>	.. Labourer.
<i>Mela</i>	.. Fair.
<i>Miadi Hundi</i>	.. Bill of exchange payable after a specified period.
<i>Muddati Hundi</i>	.. The same as <i>Miadi Hundi</i> .
<i>Muklawā</i>	.. The ceremony of a bride going to her husband's house after the consummation of her marriage.
<i>Munim</i>	.. An accountant.
<i>Mustajari</i>	.. Usufructuary mortgage for at most 20 years.

<i>Paohotra</i>	...	The 5 per cent commission paid to the village headman for the collection of land revenue.
<i>Parchun</i>	..	See <i>kiriyana</i> .
<i>Patri</i>	..	Dry cotton pods, leaves, etc.
<i>Pheriwala</i>	..	Hawker, pedlar.
<i>Phuti</i>	..	Unginned cotton.
<i>Pind pakauri</i>	..	Petty shop-keeping in villages.
<i>Pucca</i>	..	As applied to a road, metalled; as applied to a house, made of stone or burnt bricks: the opposite of <i>kachha</i> .
<i>Pugree</i>	..	Turban.
<i>Rais</i>	..	A citizen of position.
<i>Rokar</i>	..	Cash book.
<i>Roznamcha</i>	..	Day book.
<i>Rupee</i>	..	The Indian standard coin, now stabilized at 1s. 6d.
<i>Sawai</i>	..	25 per cent interest, applied to dealings in grain.
<i>Seer</i>	..	One-fortieth part of maund, about 2lbs.
<i>Settlement Officer</i>	..	The officer charged with the revision of land revenue, which is done periodically.
<i>Sitta</i>	..	Speculation.
<i>Shikasta</i>	..	A vernacular shorthand; used in book keeping.
<i>Tahband</i>	..	Skirt worn by Muhammadans.
<i>Tahsil or tehsil</i>	..	A sub-division of a district: in the Punjab, there are usually from 3 to 5 in a district.
<i>Takari</i>	..	A pair of scales.
<i>Teli</i>	..	Oilpresser.
<i>Than</i>	..	Whole piece of manufactured cloth.
<i>Thathiar</i>	..	A brass smith.
<i>Tolai</i>		Weighment.
<i>Toria</i>	..	An oilseed.
<i>Walayat</i>	..	Foreign countries.
<i>zemindar</i>	..	One who owns land, however little.

INDEX.

- A.
- Abohar, 210.
- Accounts, keeping of, 132, 135, 233, 248, 258, 303, 311-12; regulation of, 118, 132.
- Agriculture, financing of; *see* commercial banks, co-operative societies, indigenous bankers, and money-lender.
- Agriculturist money-lender; *see* money-lender; mortgagees, 313ff.
- Agriculturists' Loans Act, 15, 28ff, 134, 183.
- Agriculturists, number of, 7.
- Ahirs, 27, 245.
- Akalis, 176.
- Ambala, 37, 175; iron foundries, 280.
- Amritsar, 73, 75-6, 126; district, 172-73, 185-86; village surveyed in, 231; sugar and grain association, 66.
- Arafwala, 199.
- Araina, 27, 154, 225.
- Arbitration, 67, 203.
- Arhat, kachhi and pucci*, 200; *see* commission agents.
- Army, 5, 138, 144-45 (n), 151, 186, 236-37, 309, 312; *see* military pensioners.
- Ara Nand, Income-tax Officer, 75, 322.
- Assistant Registrars, opinions of, 170ff.
- Astrologer, 67.
- Attock, 237.
- B.
- Bad debts, 105, 126, 132, 187, 250-51, 320; of co-operative credit societies, 120, 135; Government, 134; rural money-lenders, 137.
- Bahawalpur, 46-7, 145, 186, 236.
- Bajwara Bank, 12, 103.
- Bank drafts, 90; rates, 125.
- Banking facilities, 14; extension of, 156; unions, 111.
- Banks, co-ordination between, 157; *see* commercial, co-operative, indigenous joint stock, and reserve banks; failures of, 11.
- Batta*; *see* *wahz*.
- Bazar rate; 125.
- Bengal Government, 109.
- Better-living societies, 148-49, 151, 176.
- Bhanoti*, 178.
- Bhiwani, 88, 137-38, 156.
- Bikaner, 46-7, 145, 186, 235-36.
- Bills of lading, 96-7.
- Bombay, 74; Government, 109.
- Borrowing; *see* debt, loans.
- Brass-ware industry, 289.
- Brayne, F.L., 113-14, 136.
- Brides; *see* girls.
- Brij Narain, Professor, 18, 162, 166.
- Brokers, 200, 202, 204, 210, 303-04.
- Burma, 22, 23(n), 24, 39, 109.
- C.
- Calvert, H., 5, 12, 20, 129, 144.
- Camel, 195, 199.
- Canal Colonies, 36, 60; *see* Nili Bar and Lyallpur.
- Canals, 7, 144.
- Capital, 27.
- Carts, *see* transport.
- Cash balances of banks, 10; certificates, 14, 147, 151; credits, 259.
- Cattle, borrowing for, 106, 224, 230-31; census, 106.
- Central Bank; *see* Reserve Bank of India, 10; co-operative banks, 13, 107, 110ff.
- Chak Jhumra, 51-2, 203.
- Chanda Singh, Income-tax Officer, 119, 136, 244, 248.
- Character and finance, 39, 65.
- Charity in mandis, 52, 206-07.
- Cheques, 89-90, 155; in vernacular, 156.
- Chhoot*, 247.
- Chichawatni, 56-7, 194, 198, 201.
- Civil courts, 119ff, 248ff.
- Clearing House, Lahore, 155.
- Clothes, 225, 238.
- Coin, transmission of, 85-6; use of, 86.
- Colony, auctions, 45-7; markets, 198ff.
- Commercial banks, 24-5, 36, 68, 101; and agricultural savings bank accounts of, 154.
- Commission agents, 51, 57, 66, 68, 76, 126, 130, 196, 274-75; and finance, 216; association of, 202-03; business done by, 200; deposits of, 216; for potatoes, 212, piece-goods, 323-24; wool, 210; in Kashmir, 213; payments to, 205, 207-08, 215; profits of, 206-07.
- Compound interest; *see* interest.
- Consolidation of holdings, 7, 36-7.
- Contractors, payments to, 5.
- Co-operation, 98ff., 109; for industries, 81, 285, 290, 294, 296-97, 302, 304; Government assistance to, 107ff.
- Co-operative, better-living societies, 148-49, 151, 176; credit, advantages of, 34-5; credit societies, 13, 29, 98, 101, 103-04, 107, 133; advances by, 15; and *taccavi*, 29-30; classification of, 99; concessions to, 109; cost of management of, 135, 269; deposits of, 13, 145; development of, 107ff.,; effect of, on debt, 23, 116; finance of, 98ff.; importance of thrift to, 153; members of, 98; their dealings with money-lenders, 99-101; overdues of, 104; population affected by, 142; recovery by, 104, 135; savings of, 105; security of, 106-07; security taken by, 23; urban, 103; villages with, 107; working capital of, 98.

- C—concl'd.**
- Co-operative, commission shops, 59-60-197-200, 203, 205-06, 207-09; consolidation societies, 36-7; staff, increase in, 108ff.; thrift societies, 154; women societies, 154; see banking unions, central banks, mortgage banks, Provincial Bank.
- Copper-ware industry, 289.
- Cottage industries, outlery, 284ff; foundries, 282; Persian-wheels, 290; sports gear, 282ff., see shoe-making, tanning, weaving.
- Cotton, deductions on sale of, 50-1, 197; finance of, 71-2; ginning factories, 274ff.; holding up of, 58; mixing of, 51; sale of, 59, 200, 204-05; storage of, 66; transport of, 195.
- Court of Wards estates, 135, 145-46, 164, 180, 320-21.
- Credit, contraction of, 33, 141; easy, dangers of, 27, 76, 290; expansion of, 18-20, 76, 141, 229, 232; giving of, 288, 290, 303, 322-24; in normal times, 26ff.; times of scarcity, 26, 170-72; instruments of, 88ff.
- Crime and security, 134.
- Currency chests, 86.
- Cutlery industry, 284.
- D.**
- Dami, 207.
- Dawson's Bank (Burma), 30, 43.
- Debentures, 96.
- Debt, agricultural, volume of, 16; calculation of, 163-65; causes of, 17, 228, 231, 235ff., 284, 286; distribution of, 17; freedom from, 23, 81-2, 99, 116, 172, 231, 236, 303; productive, 21; repayment of old, 22ff., 38, 106, 173-75; results of, 229; of artisans, 284, 286-88, 294; proprietors, 16, 165; tanners, 303; tenants and farm servants, 164-65; see marketing.
- Decrees, 120.
- Delhi, 73-4.
- Deposit rates, 115.
- Deposits in, Amritsar, 325; India, 147; Punjab, 5, 147.
- Deposits of, central banks, 110, 153; commission agents, 216; co-operative societies, 13, 105, 107, 145, 153; English joint stock banks, 11; Indian joint stock banks, 10; indigenous bankers, 124-26, 258; rural money-lenders, 136, 245-47, 251.
- Dara Ghazi Khan, 25-6, 54-5, 80, 171, 176, 238.
- Dharmas, 206.
- Districts, area and population of, 8.
- Donkeys; see transport.
- Drink, 289.
- Dutch East Indies, interest rates in, 33.
- E.**
- Easy credit; see credit.
- Economic Inquiry, Punjab Board of, 2, 4-5, 222ff.
- Education, 141, 150; see teaching.
- Egypt, warehouses in, 64.
- Electricity, 291.
- Emigration, 21, 144, 300, 312.
- Exchange banks, 12, 72, 74-5, 147 (n), 324.
- Execution proceedings, 120, 250.
- Exporting farms, 71, 75.
- Extravagance 150-51, 229, 232, 237.
- F.**
- Famine; see Gurgaon.
- Fateh Khan, Noon, K.B., 116.
- Fazilka, 210ff.
- Ferozepore, 17, 37, 145 (n), 174, 235.
- Flood relief, 188ff.
- Flour-mills, 274.
- Fragmentation, 7, 36, 224-25.
- Fruit-growing, taccavi for, 45.
- Fruit, trade in, 213.
- Funeral feasts, 229.
- G.**
- Gaushala, 202, 206.
- Germany, 22, 35, 85, 104, 118, 153, 308.
- Ginning factories, 51, 274ff.
- Girls, pledging of, 178; price of, 223, 225; selling of, 225, 236.
- Gojra, 61, 67, 198-99, 201.
- Goldsmith, 176-77.
- Gopal Singh, Assistant Registrar, 194.
- Government advances by, 15, 22, 101, 293; see Agriculturists' Loans Act, Industrial Loans Act, Land Improvement Loans Act; land revenue, competition of, with banks, 154; dues, how payable, 155; securities of, 106, 147.
- Grain, dealings in, 34.
- Gujranwala, 136, 173; industries in, 287ff, 289ff.
- Gur, marketing of, 214.
- Gurdaspur, 138.
- Gurgaon, 33, 39, 44, 54-5, 132, 135-37, 148, 171, 175; village surveyed in, 227.
- Gyan Chand, Income-tax Officer, 262.
- H.**
- Handloom weaving; see weaving.
- Hardware industry, 289.
- Hides, 73.
- Hissar, 37, 137, 175, 177.
- Hoarding, 144, 149, 175.
- Holdings, 7, 39; see consolidation; effect of, on debt, 17, 233.
- Hoshiarpur, 17, 136-37.
- House property, advances against, 130, 132, 259, 264, 321.
- Houses, 145.

- H—concld.**
- Hundia, 89, 90 ff., 124, 259, 276; *darshani* and *muddati*, 92; specimen forms of, 272.
- I.**
- Imperial Bank, 3, 4, 9, 24; advances by, against jewellery, 32, produce, 65-6, 216; and co-operative societies, 110, 115; exports, 71-3; indigenous bankers, 126-27; industries, 275, 284; remittance, 37, 123; supply bills, 86; vernacular cheques, 156; branches of, 9; complaints against, 157, 275; deposits of, 147; extension of, 156; interest rates of, 216.
- Implements, improved, 81, 304.
- Importer, 74-5, 322.
- Improvidence, 228-29, 232.
- Indian joint stock banks; *see* joint stock banks.
- Indigenous bankers, 12, 75, 103-04, 116, 123 ff.; and agriculture, 126; commercial banks, 126-27; Imperial Bank, 126-27; income-tax, 127-28, remittance, 87; business of, 125; decline of, 123-24, 258; definition of, 12; in Lahore, 258; interest-rates of, 125; profits of, 125; revival of, 127.
- Industrial Loans Act, 82-3; 281, 291, 298.
- Industries, 77ff, 274ff.; *see* cottage industries, factories.
- Insecurity, 185, 187; *see* crime.
- Insolvency Act, 119.
- Interest rates, compound, 32, 226, 228; for artisans, 289; tanners, 304; tenants, 182; weavers, 81, 295; in Amritsar, 264; Attock, 263, Lahore, 259 ff.; Mianwali, 263; Rohtak, 244 ff.; Shahpur, 198; for export, 72; gur, 214; import, 74; piece-goods, 75, 323; wool, 211; industries, 47, 274-75, 279-81, 283-89; in villages surveyed, 221 ff.; on Court of Wards estates, 320; mortgages, 31; produce loans, 66-7; secured loans, 179; unsecured loans, 31; rural, 20, 26, 30 ff, 68, 102, 136, 216; urban, 125, 130-31, 264; *see* bank rate, bazar rate, deposits.
- Ireland, credit societies in, 153.
- Iron foundries, 278.
- Italy, 104.
- J.**
- Janglis, 175, 199.
- Jats, 140; Sikh, 138-39, 154, 224, 311-12; Hindu, 138.
- Jewellery, 24, 31-2, 130, 133, 148ff, 172, 175ff, 180, 223, 225-26, 228, 231, 304; in Amritsar, 264; Lahore, 259-60.
- Jhang, 25, 107.
- J—concld.**
- Jhelum, 151, 170, 237; village surveyed in, 226.
- Joint stock banks, 9ff; and, industry, 274-75, 280, 283, 288-89; remittance, 88; finance of, for exports, 71-3; imports, 74; piece-goods, 322-25; Indian, 9 ff, 73-5, 147 (n); attitude of, towards Imperial Bank, 157.
- Jullundur, 27, 31, 36-7, 107, 136-38, 145, 172, 177; village surveyed in, 224.
- K.**
- Karachi, 71-3, 75.
- Karnal, 136.
- Kashmir fruit, marketing of, 213.
- Keynes, J. M. 10.
- Khanewal, 146.
- Khojas, 73, 302-03.
- Kothas, 67.
- L.**
- Lahore, 17, 74, 136, 146, 151, 173; money-lending in, 131-32, 258 ff.
- Land, as security, 133, 141; hunger, 38, 45, 47; improvement, 36, 146, 172-73, 232; price of, 7-8, 19-20, 39, 45, 145; purchase of, 38, 145, 225, 238; redemption, 38; return on, 45, 145-46, 270; sale of, 45-7, 133, 146; Alienation Act, 18-20, 25, 36, 44-5, 117, 125, 133-34, 140-41, 181, 223, 227, 313; Improvement Loans Act, 15, 37-8, 44-5, 135; revenue, amount of, 16 (n); and debt, 223, 238; payment of, 55, 113, 155; recovery of, 134.
- Landlord, advances by, 25, 182-83, 230-32; marketing by, 197-98, 204.
- Law, administration of, 126, 134, 260; *see* civil courts.
- Limitation Act, 238, 247.
- Linlithgow Commission, 24, 28, 32, 37, 38 (n), 43, 51-2, 54, 56, 64, 107-08, 118, 141, 162, 173, 194, 198, 203, 206; Marquess of, 109.
- Loans, by Court of Wards, 320; consumptive, 131-32; objects of, 126, 130; unsecured, 31, 130, 259, 285, 304; sources of, 22; *see* interest rates.
- Loan sharks, 130-31.
- Lorries, 199, 214.
- Losses, 106; *see* bad debts.
- Ludhiana, 17, 145 (n), 151, 172, 179.
- Lyallpur, 17, 31, 33, 39-40, 50; expenditure on jewellery in, 149; ginning factories of, 274 ff; mortgage debt in, 238; repayment of old debt in, 176; tenants' debt in, 164; village surveyed in, 221; Colony Bank, 24, 130; market, 199, 201-02.

M.

- Machinery, 74-5.
 Madras Government, 109.
 Mandis, charges in, 205-06, 208; *see dami, watta*; charity in, 206; description of, 199-200; in colonies, 198; investments in, 146; legislation for, 203; panchayats in, 202; position of producers in, 200-02; price of, 196, 205; sales in, 204.
 Marketing, 48 ff, 194 ff; and, industry, 290, 294, 296; debt, 53-5, 196, 216; in mandis, 50ff; villages, 48, 194 ff, 204-05; *see gur, mandis, potatoes, wheat, wool.*
 Market organization, 51-2, 201-02.
 Marriage, and debt, 17, 285-87; cost of, 144-45, 231; number of, in the Punjab, 149, 271; *see better-living societies.*
 Meos, 229.
 Metal, 74.
 Mianwali, 170.
 Middle class, 147.
 Middleman, 78, 80; *see commission agents.*
 Military-pensioners, 198, 235; payments to, 50; pensions, payment of, 114-15.
 Money-lenders, 12, 22, 129 ff, 154, 303; agricultural, 13, 19-20, 22, 129, 133, 137-38 ff, 136, 309 ff; effect of, 140; increase of, 139, 185, 224 ff; in villages surveyed, 221 ff; methods of, 140; Muhammadan, 138, 310; and land improvement, 36; expenses of, 251, 269; methods of, 18, 29, 251, 259; Pathan, 131, 261; rural, 132 ff; decline of, 133; in, Attock and Mianwali, 262; Rohtak, 244 ff; villages surveyed, 221 ff; licensing of, 142; emigration of, 134, 137, 185-87; net profit of, 136-37, 145 (n), 247, 251, 260, 262; present position of, 137, 184 ff, urban, 129 ff; in Lahore, 258 ff.
 Money-orders, 5, 14, 85; use of, 27.
 Montgomery, 53, 56, 61, 137, 175, 238; weights in, 217ff; *see Arafwala, Chichawatni, Okara.*
 Mortgage, advances against, 139, 225, 229, 234, 321; restrictions on, 141; banks, 22, 37, 39 ff; 180-81; security, 21, 23, 32.
 Mortgages, by agriculturists, 313 ff; *benami*, 185.
 Motor cars, 74.
 Muhammadans, and interest, 138, 152, 182, 226; deposits of, 152, number of, in the Punjab and United Provinces, 152.
 Multan, 53, 55, 67, 80, 138, 178, 204; mortgages in, 238; village surveyed in, 230.
 Muzaffargarh, 25-6, 54-5, 107, 171, 175, 238.

N.

- Nawab Ali, Assistant Registrar, 194.
 Nili Bar Colony, 31, 45.
 Notes, replacing coin, 36.

O.

- Oil mill, 274 ff; seeds, 73.
 Okara, 198-99, 201, 205.
 Ornaments; *see jewellery.*

P.

- Pakpattan, 53.
 Panchayats, 202, 205.
 Pathans, 131, 137, 154, 261.
 Pawnbroking, 177 ff.
 Pensions, 144.
 Peoples Bank of Northern India, 3, 9, 11, 66, 156, 216, 284.
 Persian-wheels, 290.
 Piece-goods, 75-6, 126, 322 ff.
 Poland, 22.
 Pools, 60, 66.
 Population, agricultural, 16(n); increase in, 6, 20, 37; *see Muhammadans.*
 Postal, cash certificates, 14, 147, 151; cheque system, 85, 308.
 Post office and military pensions, 114.
 Post offices, 14, 86, 152.
 Post office savings banks, 14, 147 (n), 151-54.
 Prices, fall in, 6, 19, 34; *see rupee*; food-grain, 166 ff.
 Produce, advances against, 65-6; holding up of, 58, 60; pooling of, 66; standardization of, 64; value of, 16-7.
 Productive loans, 126; *see land improvement.*
 Profit, net, of, indigenous bankers, 125; middlemen, 289; rural money-lenders, 135-37; urban money-lenders, 132; on investments, 148.
 Promissory notes, 89, 94, 258, 264; specimen of, 273; prosperity, 144, 225.
 Provincial Bank, 109-10.
 Punjab, depression in, 5-6, 144, 150; prosperity of, 5, 144; *see area, debt, land revenue, population, produce*; National Bank, 9, 11, 66, 156, 216, 284.

R.

- Railway, carriage of coin by, 85-6; receipts, 94-6.
 Rainfall, 6.
 Ram Lal Bhalla, Income-tax Officer, 138, 258, 270(n).
 Rawalpindi, 73, 145(n), 151, 186-87, 237; fruit trade of, 213-14.
 Recommendations, 158.
 Recovery, 33-4, 41, 187; by co-operative societies, 104; Pathans, 131; difficulties of, 134, 138; through civil courts, 119-22, 248, 250; *see repayment.*

R—concl'd.	T.
<p>Regulation of Accounts Act, 118, 141. Religion and business, 67, 206. Remittance, 14, 84ff., 123-24. Repayment; punctuality in, 29, 102, 126, 130-31, 135, 321. Reserve Bank, 126, 155. Roads, 49, 194, 199. Rohtak, 60, 68, 88, 132, 136-38, 156, 171; money-lending in, 244ff.; villages surveyed in, 233. Rupee, purchasing power, 18-19; <i>see</i> prices. Russia, 112.</p>	<p>Taccavi, 28ff., 44.-5, 225, 230-32, 234. Tanning, 301-02. Teaching, 102, 108, 116. Tenants, 182; indebtedness of, 164-65. Tenures, 6. Textiles, 74. Thal, 194-95. Townsend Committee, 102. Towns with banks, 14, 103. Traders, facilities for, 103-04. Transport, 195, 198-99. Treasuries, 84, 86. Treasury bills, 154. Thrift, 27, 153-54; societies, 105, 154; <i>see</i> savings. Timber trade, 316ff. Toba Tek Singh, 198-99, 201.</p>
S.	U.
<p>Sahukar; <i>see</i> money-lender. Sainis, 27, 154. Salt Range, 54. Sargodha, banks of, 216; market of, 215. Savings, 105, 112, 153-54; <i>see</i> commercial banks; rural, 144-45; urban, 146-47, 289; bank, <i>see</i> post office. Scales, 52, 219. Scarcity; <i>see</i> credit, Gurgaon. Securities, Government, 106, 147. Security, 34, 127, 130-31, 283; personal, 124-25; produce as, 61, 216; <i>see</i> character, credit, crime, house property, jewellery, land, mortgages, stock in trade. Shahpur, 25, 48, 50, 68, 80, 170, 187, 237; marketing in, 194ff., 215ff.; weights in, 217ff. Shoe-making, 82, 306-07. Shopkeeper, village, 68, 216; <i>see</i> marketing in village. Shroffs, 71, 129(?) Sialkot, 172, 174-75; sports industry of, 282ff.; tanners in, 302; village surveyed in, 273. Sikh; <i>see</i> Jat. Simla potatoes trade, 212. Skins, 73. Soldiers, <i>see</i> army. Sonepat, market, 50-1, 68(n), 198-99, 201, 204, 214; tehsil, 244-45. Speculation, 124. Sports gear industry, 282ff. Stamp duties, 89, 93, 96. Standard of living, 19, 33, 37, 150, 176-77, 185, 235, 237. Stock in trade, advances against, 126, 130, 288. Storage, facilities for, 60-1, 63; of wheat, 58; in villages, 60, 66. Strickland, C.F., 138, 309. Sub-treasuries, 86. Sugar, 74. Supply bills, 86. Sureties, 126, 182, 226. Surgical instruments, manufacture of, 286.</p>	<p>United Provinces, banks in, 9, 14; Muhammadans in, 152; postal facilities in, 14, 152; use of cheques in, 155. United States, interest rates in, 33. Unsecured loans; <i>see</i> Loans. Usurious Loans Act, 118, 141. Usury, 32, 35.</p>
	V.
	<p>Value-payable post, 14. Village shopkeeper; <i>see</i> shopkeeper, survey reports, 221ff.</p>
	W.
	<p>Wages, 286-90, 292, 296; <i>see</i> weaving. Warehouses, licensed, 63. Watta, 208. Weavers, earnings of, 292-93; expenditure of, 295; indebtedness of, 294-95; markets of, 296; number of, 292. Weaving, handloom, 77ff., 291ff; financing of, 294; improvement of, 296-97; village, inquiries into, 299-300. Weightment, 52-3, 197, 203, 207, 217ff; in villages, 219-20. Wells, 21, 36, 44, 172-73. Wheat, area under, 62; export of, 61-2; finance of, 72; import of, 62; in India, 61; in the Punjab, 62; sale of, 59, 204; storage of, 58, 61. Wireless, 205. Wives, price of; <i>see</i> girls. Women, 32, 129, 144, 154, 176, 220, 225, 228, 303, 311; <i>see</i> girls; and jewellery, 150. Wool, 71, 73, 201, 210ff. Work, hours of, 285-87.</p>

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CHAPTER VII.—MARKETING.

74. In 1928, to obtain more light upon certain aspects of marketing in the province, the Registrar, Co-operative Societies, Punjab, carried out two detailed inquiries through Assistant Registrars, one in Shahpur and the other in selected colony markets. He has embodied the results in a note which should be read in connection with this chapter, as we shall have frequent occasions to refer to it. It will be found in Note E.¹ In Note F we give a brief account of the way wool, potatoes, fruit and gur are marketed at certain important centres.² Together these two notes give some idea of how the chief crops are marketed in the Punjab. The Shahpur inquiry brings out clearly the fact that the grower generally sells his produce in the village.³ Hardly 10 per cent of the 117 persons concerned took their produce to market, and only one of these was a small holder.⁴ All the information available shows that this is generally characteristic of the Punjab, though not universal.⁵ In Shahpur itself the Income-tax Officer estimates that 85 per cent of the growers sell their produce in the village;⁶ and in an inquiry held into the marketing of cotton in 1927-28 it was found that over 80 per cent of the cotton was sold in this way.⁷ The village survey reports of the Board of Economic Inquiry tell much the same tale. In both Gaggar Bhana (Amritsar)⁸ and Gijhi (Rohtak) the growers prefer to sell their produce locally; and in Tehong (Jullundur) they only sell in the market when they have to go there for shopping. In Kala Gaddi Thaman, Chak 73-G.B. (Lyallpur), probably the most advanced in this respect of all the villages surveyed, it was found that 67 per cent of the cotton, and 46 per cent of the grain, were sold in the village.

75. According to the Assistant Registrar, Shahpur, the chief reason for this is debt, which obliges the debtor to sell through his creditor, who is generally the village shopkeeper. Other witnesses before us said the same, and in a sense it can hardly be disputed, for debt imposes an obligation from which it is difficult to escape. But it may be doubted

¹P. 194.

²P. 210.

³See Note E (p. 196).

⁴As defined in paragraph 2 of Note E (p. 194).

⁵The majority of the cultivators round Sonepat market their own gur [see Note F (p. 214).]

⁶Note F.

⁷Report on an Investigation into the Finance and Marketing of Cultivators' Cotton in the Punjab, 1927-28.

⁸*Op. cit.*, p. 166.

whether a great many more would market their produce even if they were not in debt. In the Cotton Inquiry Report it was found that, though 83 per cent of the crop was sold in the village,¹ only 54 per cent of the growers were in debt.² Similarly the Assistant Registrar, Lyallpur, reckons that only 10 per cent market their produce as against probably 20 per cent not in debt. It would seem that the ordinary grower actually prefers to sell in the village, though not necessarily through his creditor. For this the Cotton Inquiry Report gives the following reasons :—

- (i) the inconvenience of taking the produce to market,
- (ii) the lack of adequate information about rates,
- (iii) the suspicions raised owing to the secret settling of rates,
- (iv) deductions being agreed to by the commission agents without the consent of the seller, and
- (v) the commission agent acting chiefly in the interest of the buyer.³

76. All these points have been touched upon in Note E. In regard to the first, it is sufficient to recall (i) Roads. the fact that in 1928 of the 598 miles of roads serving the six markets dealt with in the second inquiry only 95 were metalled, and that of the unmetalled roads only one was in fair condition.⁴ The man who has much to sell may be willing to put up with bad roads, but the small holder, who is the commonest type in the Punjab, may not think it worth while. Of the 82 small holders dealt with in the Shahpur inquiry only one took his produce to market.

77. Both inquiries suggest that information about prices is inadequate. The Cotton Inquiry Report states (ii) Lack of Information. that they are rarely ascertained before the cotton is sold. "There seems no doubt that growers are very much in the dark as regards fluctuations in the rates, and that such information only filters through to them very slowly."⁵ On the other hand, the President of the Amritsar Grain and Sugar Association, who owns a ginning factory at Kairon in the Amritsar district, informed us that in the central Punjab cultivators were sufficiently well acquainted with prices, for markets were not very far from each other and people kept each other informed as they passed on the road. "They have a sort of wireless amongst themselves," he said. A higher price in Patti than Kairon brings everyone to Patti, and, if next day the price is higher at Kairon, they all flock back there. "If I want to buy raw cotton, I pay two annas a maund more and the next day my arrivals will be

¹*Op. cit.*, p. 11.

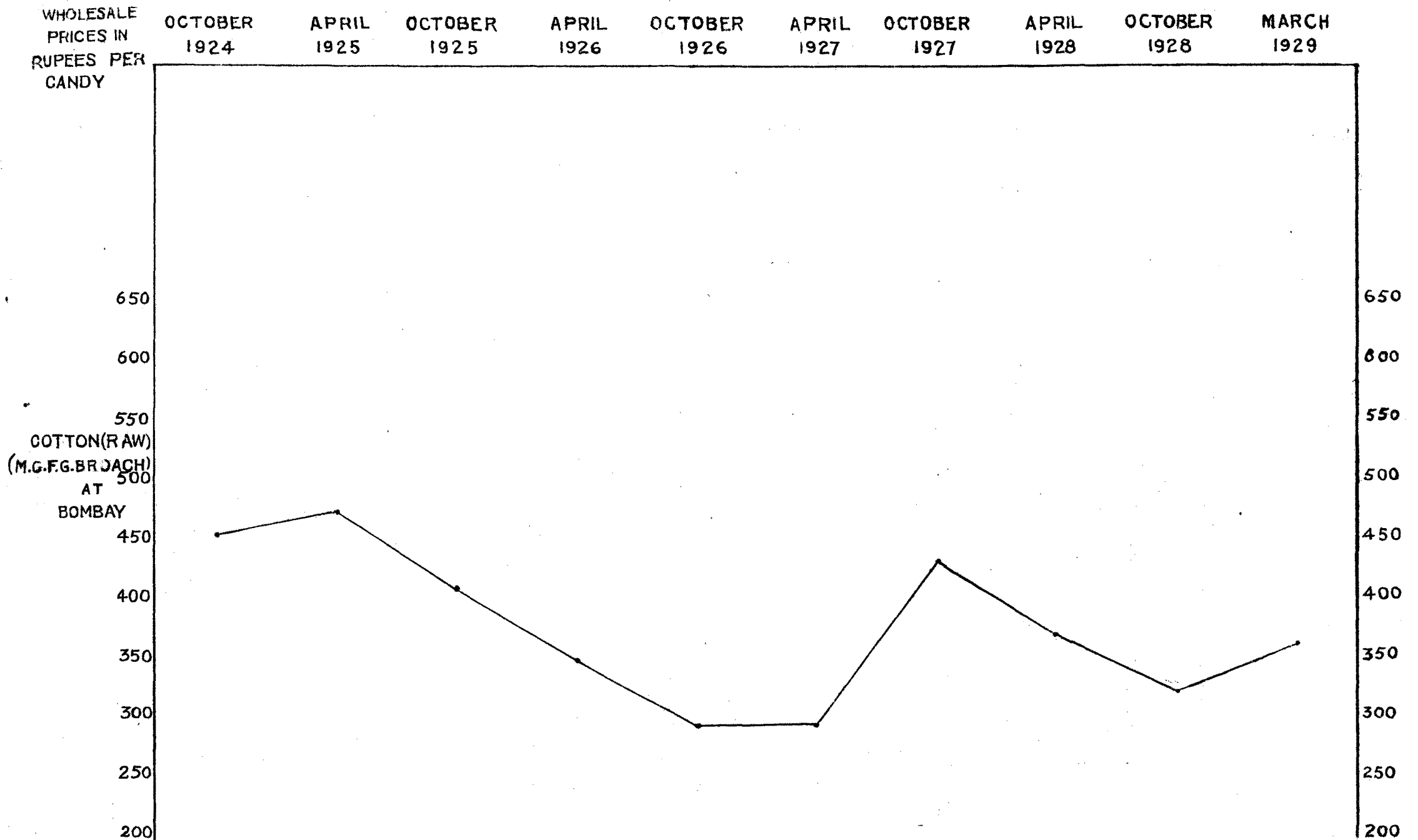
²*Ibid.*, p. 3.

³*Ibid.*, p. 1.

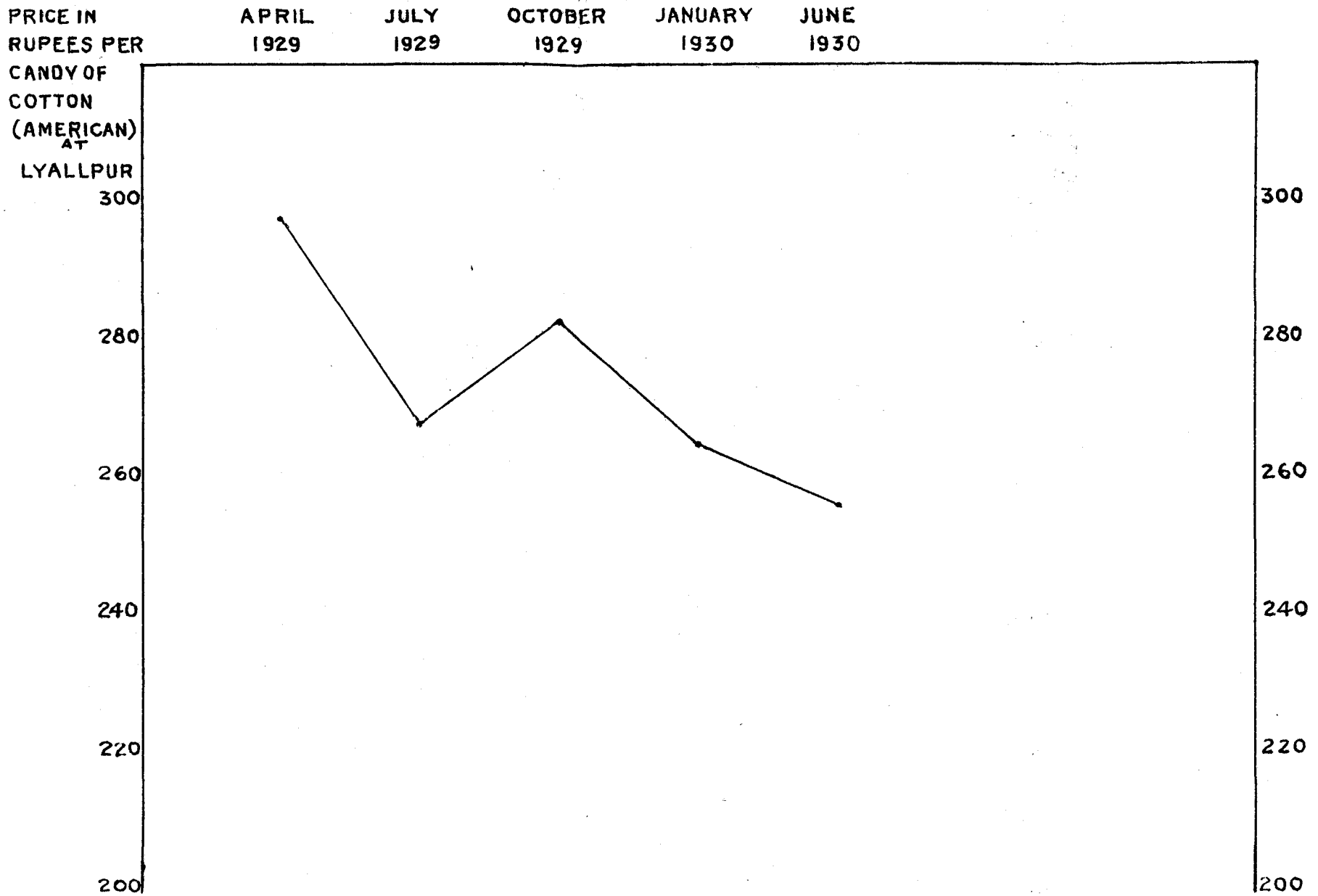
⁴P. 199.

⁵*Ibid.*, pp. 12-13.

Graph showing fluctuations in the wholesale price of cotton during the period October 1924 to March 1929 (at Bombay).



Graph showing fluctuations in the wholesale price of cotton during the period April 1929 to June 1930 at Lyallpur.

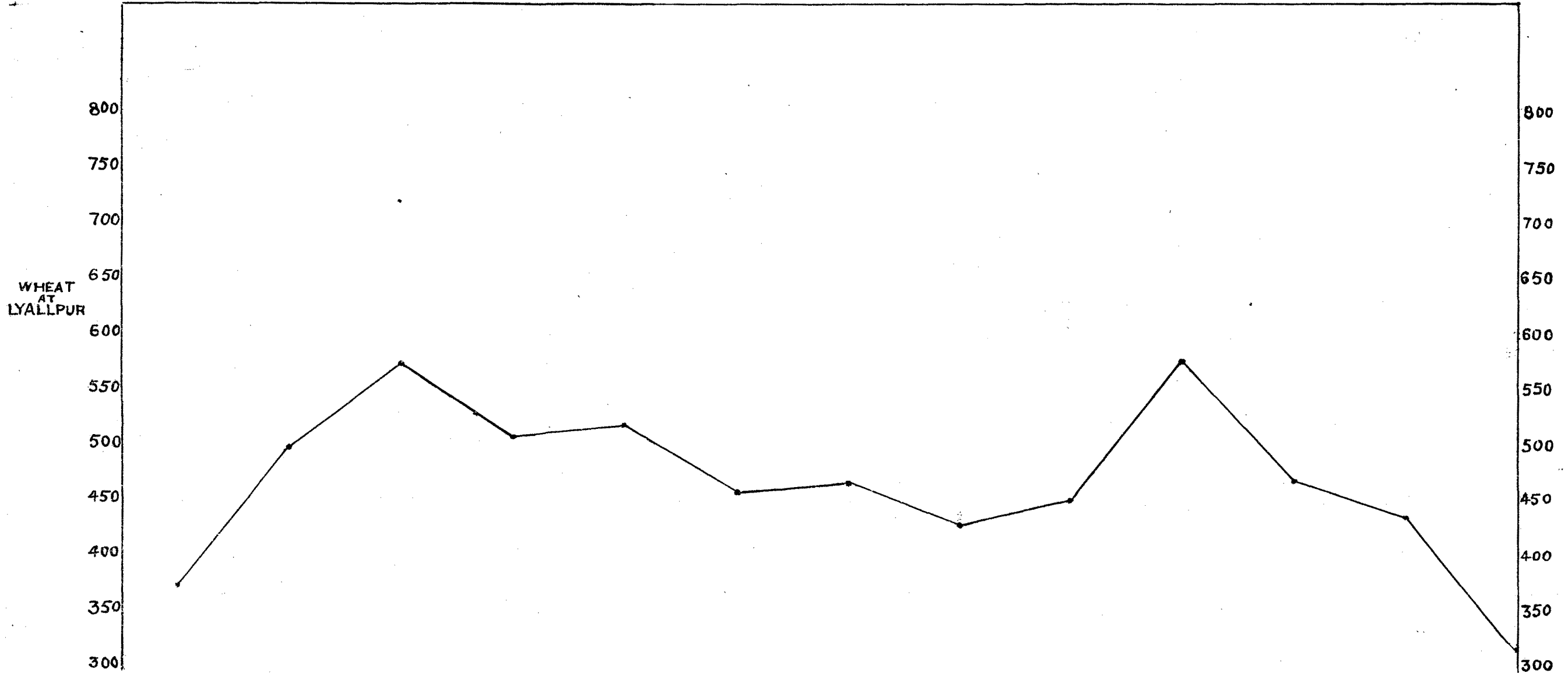


TO FACE PAGE 58

Graph showing fluctuations in the wholesale price of wheat during the period April 1924 to April 1930.

WHOLE SALE PRICES
IN
RUPEES PER
100 MAUNDS

APRIL 1924 OCTOBER 1924 APRIL 1925 OCTOBER 1925 APRIL 1926 OCTOBER 1926 APRIL 1927 OCTOBER 1927 APRIL 1928 OCTOBER 1928 APRIL 1929 OCTOBER 1929 APRIL 1930



was no reluctance on the part of the Bank to rediscount his hundis, and it did this at $\frac{1}{2}$ per cent or so above the bank rate. It also assisted him with remittance, and if it charged him a little more than a joint stock bank, it was because he offered much less business.¹ One banker said he got all the facilities that he could expect from joint stock banks, but it was a difficulty in dealing with the Imperial Bank that under the terms of the Imperial Bank of India Act it was obliged to ask for a second signature unconnected with the first before an advance could be made. In one respect he felt inconvenienced. The amount of accommodation that he could expect from a bank depended to some extent upon the credit of his clients. This might be seriously, but only temporarily, affected by trade or agricultural depression, and that reacted upon his own credit.² There is evidence that of late credit has been shaken in this way, and standing alone with depleted resources, the indigenous banker is not so well placed as he was to meet the difficulty.

193. We have considered most carefully whether it would be possible to revive indigenous banking. Some witnesses were hopeful, but none laid before us any scheme that appeared to us to be practicable. It is suggested that commercial banks might discount their bills more freely, and that the Imperial Bank in its turn should rediscount them, subject to the usual precautions, when presented by a joint stock bank. But the question of discounting and rediscounting is largely a matter of security, and we have received no evidence to show that good security does not already command all the banking facilities to which it is entitled. As explained, the decline of the indigenous banker is due to the great development of commercial banking in the province, and if this development continues it is only a matter of time before the indigenous banker becomes extinct or survives only as a curious relic of an order that has passed away. To attempt to revive him on a large scale is not, therefore, likely to succeed. His house has collapsed and would have to be almost entirely rebuilt.³ But, though he appears to be doomed, there is no reason why his end should be prematurely hastened. The longer, indeed, it can be delayed, the better for business, for he has played a great part in the finance of the past, and there is still much left for him to do. If and when, therefore, a Reserve Bank comes into being, we trust that in determining its constitution, scope, and powers the indigenous banker will not be forgotten.

194. We received a complaint from several bankers that they were prejudiced by the searching scrutiny to which Income-tax Officers subjected their

¹ *Ev. ii.* 687, 689-90.

² *Ev. ii.* 787.

³ *Cf. Ev. ii.* 905.

In Gujranwala cases were frequent when the co-operative movement was in its infancy, but are now very rare. This is because it was found that, as soon as accounts were cleared, men started borrowing again. The arrangements made, too, were too favourable to the money-lender, and enabled him to recover what might otherwise have been irrecoverable.

In the last three years twenty societies in Ferozepore have advanced a total of over a lakh for the liquidation of old debt. But the results so far are not very promising. Repayments are irregular, and one member, the president of a society, obtained a loan of Rs. 30,000 2½ years ago and has repaid nothing.

The most satisfactory examples come from Sialkot. There sixty societies compounded the debts of 509 members. The Assistant Registrar describes the methods followed thus :—

“The committee approach the money-lender and ask him to settle the accounts of certain members of the society. The money-lender will then tell them the amount, including interest, up to date. A round sum is offered to him and, after some haggling, agreement is reached and composition is effected as follows :—

- (1) cattle are given to sahu-kars for amounts which are sometimes higher than market prices ;
- (2) grain, bhusa, etc., are handed over to the sahu-kars ;
- (3) partial repayments are made in cash ; and
- (4) in some cases concessions are also obtained regarding the amount of interest, etc.

Repayments are thus made partly in cash and partly in kind, but never in services. In some cases instalments are fixed after making a substantial repayment, and at times interest ceases to run from the time of payment of a lump sum.

Some interesting cases may be mentioned :—

In Narowal tehsil in four cases the whole amount was borrowed from the societies and the sahu-kars' loans cleared off. The amount thus paid was Rs. 3,000. In three other cases payment was made by members from their own savings, and also some cattle were given. The amount thus cleared off was Rs. 1,200.

In Mundeke Muslim society in Daska tehsil a member owed Rs. 2,000 to a sahu-kar. The member gave him produce worth Rs. 600, and the sahu-kar offered to accept Rs. 600 in place of the remaining Rs. 1,400 if it were paid in cash. The society at once lent him Rs. 600. This gave the sahu-kar a shock, and he tried to budge from his promise, but eventually yielded to the influence of the society and accepted the amount.

In another society (Adamke Gharbi) two members who were brothers owed Rs. 1,100 principal and Rs. 300 interest. The society

made the sahuکار give up his claim for half the interest and paid him the remaining amount in full.

Uddowar society composed the loans of two members as follows :—

(a) Two head of cattle for Rs. 200, 1½ kanals land mortgaged to another agriculturist for Rs. 200 and instalments without interest for two years for the balance of Rs. 300. It is interesting to note that the sahuکار sold one of the cattle for Rs. 33 only.

(b) Four head of cattle for Rs. 400, 56 maunds of wheat for Rs. 231, and the remaining balance, Rs. 1,500, was to be paid in instalments extending over six years without interest."

PART 4—HOARDING IN CASH.

All Income-tax Officers are agreed that hoarding is not common now. In Montgomery, however, ignorant

Can you express any opinion on the subject of hoarding, as to—

(i) Whether it is common?

zemin্দars and Janglis are still reported to resort to it, while in cities and mandis the practice is obsolete.

According to Assistant Registrars, hoarding is rare, except in the districts of Muzaffargarh, Ambala, and Hissar, and in the tehsils of Thanesar (Karnal) and Gohana (Rohtak).

Both Income-tax Officers and Assistant Registrars report that the habit is diminishing, except (according to the Assistant Registrar concerned) in Hissar. The Assistant Registrar, Sialkot, made a special enquiry in ten villages of Pasrur tehsil and found no case of hoarding in seven of them. In the remaining three villages the number of those who hoard is negligible. A similar enquiry in three villages in Gurgaon tehsil and three in Palwal tehsil revealed no case of hoarding. Owing to famine in the last two years, 90 per cent of the families in the three villages in Gurgaon are said to have pawned their ornaments with sahuکارs. In Jullundur and Sargodha hoarding is disappearing.

According to the Income-tax Officers concerned, the habit still lingers amongst agriculturists in Gurdaspur, widows in Amritsar, the childless in Lahore and amongst Janglis in Montgomery. It persists too amongst the Banias of Rohtak and Hissar, but mostly in the form of jewellery.

(iii) Amongst what classes it is most common?

According to the Assistant Registrars, it is practised in greater or less degree by women and menials in Muzaffargarh and Dera Ghazi Khan; by menials and Muhammadan artisans in Sialkot; by Hindu widows, menials and Muhammadans who object to taking interest in Jullundur; by rural money-lenders and village menials in Ambala; by shopkeepers and agriculturist money-lenders in Hissar; by shopkeepers in Gurgaon; by nomadic tribes in Karnal; and by the Janglis of the canal colonies. The latter in Sheikhpura are said to be giving up the habit and buying land instead. Women, especially Hindu

loans are taken by traders anxious to get the benefit of a lower rate of interest than would otherwise be possible, and in Lahore¹ and Lyallpur funds are sometimes raised by rediscounting the jewellery pawned with another money-lender.' The secrecy of this type of business appeals particularly to money-lenders who wish to avoid income-tax.

Household utensils are pawned in most districts, but nowhere to any great extent; and generally only by the menial classes, who have little jewellery to pledge. Standing crops, cattle, carts, and clothes are also occasionally pledged, and in many districts stores of grain and cotton. In Gurdaspur, possibly following the example of the Imperial Bank, money-lenders are beginning to insist upon possession of the produce by having it locked up in a godown and then taking charge of the key. Other things taken in pledge are cane crushers, boiling pans, and stocks of fodder in the central Punjab; Persian-wheels (and cane crushers) in Muzaffargarh, charsas² in Gurgaon; rickshaws in Simla; tonga ponies in Amritsar;³ and, it is said, lorries in Sialkot. According to a Deputy Registrar, in the central Punjab even marriageable girls are informally pledged when loans are required for their marriage. There is a tacit understanding that the loan will be repaid from the bride-price paid by the bridegroom's family, and the money-lender is often employed as a go-between to arrange the marriage. This apparently is not a new custom—the Deputy Registrar has known of it for twelve years—but it is said to be on the increase. The reason given for this is that the sahuakar is trying to strengthen his weakening hold over the zemindar by finding new forms of security.⁴ In Montgomery, Multan, Muzaffargarh, and Dera Ghazi Khan, according to a practice called *bhanoti*, cultivators obtain loans on the security of their crops, agreeing in return to sell the produce to their creditors at a fixed price usually much below the anticipated market rate. Up to 60 per cent of the value of the crop will be advanced, and the advance may be made as soon as the crop germinates.

The proportion varies with the nature of the goods pawned, and to some extent with the security of the borrower.

(iii) What proportion of the value of the goods pawned will be advanced? In the case of gold jewellery, from 50 to 75 per cent of the value will be advanced, and in Sialkot the proportion goes as high as 80 per cent. For silver it varies from 33 to 50 per cent, and for copper and brass utensils, Persian-wheels, etc., from 30 to 40 per cent. An ample margin is necessary to cover depreciation, a possible fall in prices, and the accumulation of unpaid interest.

¹Ev. i. 395.

²Leather buckets used at a well.

³Ev. i. 185.

⁴Ev. i. 314.

21. In every market, except Sonapat, bids are registered secretly. The seller brings his produce to the market, and if it is grain, unloads it on the platform before his agent's shop, and if it is cotton, leaves it standing in the cart that has brought it in. Once a day, often in the afternoon, the brokers go the round of the market and passing from shop to shop strike their bargains with the commission agents. They indicate their bids by taking the agent's hand under a cloth and making hidden signs with their fingers. After taking the bids and consulting the seller if he happens to be present, the agent declares the highest bid and the bargain is struck. Cotton is sold in the same way, except that after being sold it is taken off to the factory to be weighed, whereas grain is weighed then and there. This system of secret bidding works well enough so long as brokers go their round in groups, for then the accepted bid is declared in the presence of all; but with a single broker there is the possibility of collusion between broker and agent, and on the whole the system of open bidding prevalent at Sonapat seems to be better.¹ Sonapat has another advantage. There superior and inferior produce are sold separately, and the superior naturally sells at a premium. But elsewhere, partly to save time, a consideration of importance in the busy season, when the colony markets are congested with produce, and partly because there is a "tendency all the world over for local buyers to pay a flat rate for good and poor quality alike,"² little attempt is made in the case of grain to separate one kind from another.

There are other methods of sale peculiar to different markets. For example, in Multan there are the fixed and unfixed contracts described in the Cotton Inquiry Report.³ This report also states that some owners of big estates in Multan send their daily cotton pickings to their commission agents for storage, and when a sufficiently large quantity is accumulated have the whole quantity auctioned. The Shahpur inquiry shows that in that district too auctions of both wheat and cotton are sometimes held by big landlords in their villages.⁴

22. A word may be said here as to the way village prices are fixed in the canal colonies. The commonest system is for the grower to make over his produce to the village shopkeeper from time to time as it is harvested on the understanding that the price will be fixed later. In the case of wheat, this will probably be done within two or three weeks; but with cotton it may be a matter of two or three months, since picking starts in October and does not finish till January. The prices may be fixed in a variety of ways. The most usual method is for three or four of the leading zemindars in the village to settle matters with the shop-

¹This system prevails in some other markets in the southern Punjab, e.g., Bahadurgarh, but not in all, e.g., Rohtak (*Ev. ii.* 766).

²*Op. cit.*, p. 35.

³*Ibid.*, p. 34.

⁴Paragraph 7.

keeper direct, and the prices so fixed become the accepted prices of the village. Or a panchayat may be convened and prices fixed in general conclave by the lambardar or local weighman (*dharwai*). Or, again, the prices current in the market on a fixed date, which is always the same and which was originally chosen for its auspicious character, may be taken, subject to the necessary deduction on account of the cost of transport from village to market and the usual market charges. Or, similarly, in the case of cotton, any date within 90 days may be taken at the choice of the grower, provided of course this is done either before or on the date itself.¹

23. Within narrow limits prices rise and fall according to the supply and demand of each market, but their broader movements are governed by private advices received from the outside world: from Karachi, Liverpool, and Hamburg in the case of wheat; from Bombay and New York in the case of cotton. Considering the importance of regular and accurate information on this point, it is surprising to find that no arrangement has anywhere been made to supply it. Telegrams giving cotton prices in Bombay used to be posted in the more important cotton markets twice a week from the beginning of November to the end of February, the district boards and municipalities concerned meeting the cost. But the practice has recently been discontinued, to the obvious disadvantage of the cultivator, who, unlike the trader, is not in a position to obtain the information for himself. The difference between the two is well illustrated by the enterprise of a commission agent at Okara, who has had set up a wireless at his house and uses it for obtaining market quotations from Bombay.

24. The charges that have to be paid by sellers of grain vary from Rs. 2-2-3 per cent at Gojra to Rs. 2-14-6 at Chichawatni, but Re. 1 to Re. 1-4-0 may be saved by dealing with the local co-operative commission shop. The charges for cotton show wider variation, and amount to only 13 annas in Sonepat and to as much as Rs. 3-4-0 in Lyallpur.² The corresponding charge for grain at Lyallpur is Rs. 2-5-6 and is made up as follows:—

	Rs.	A.	P.
Commission	0	12	6
Weighment	0	3	9
Palladari (paid to the palladar who fills the scales and does other miscellaneous work) ..	0	3	9
Brokerage	0	1	3
Shagirdi (for agent's apprentices) ..	0	1	3
Miscellaneous charges in kind	0	13	6
Dharmao (for religion)	0	1	3
Gaushala	0	0	3
Total	2	5	6

¹*Ev. ii. 759.*

²*Cotton Enquiry Report, p. vii.* The report gives Rs. 3-3-0; for Lyallpur at present it is Rs. 3-4-0.

The part played by the commission agent in rural finance is not less important than in marketing. Ordinarily he advances money to a village shop-keeper in the hope that the latter will bring him produce for sale. The rate of interest commonly charged varies from $7\frac{1}{2}$ to 9 per cent. It may go up to 12 per cent in the case of the village shop-keeper whose financial position is not so sound. The village shop-keeper in turn lends capital, which may be his own or may be borrowed from the commission agent, to the zemindar who has to pay his taxes and to meet the expenses of a marriage or some other domestic ceremony. The rate of interest charged by the village shop-keeper from the zemindar varies from 12 to 24 per cent. The most common rates of interest are 15 and 18 per cent.

The demand for capital is intensive in the months of June and July, when the commission agent has to borrow money from the three banks in Sargodha: (1) Imperial Bank of India, (2) The Punjab National Bank, Limited, (3) the People's Bank of Northern India, Limited. Money is advanced by these banks on personal security as well as against goods. In the latter case, which is more common, 75 per cent of the value of the stock is advanced by the banks for six months. The rates of interest vary with the banks. For instance, the Imperial Bank of India charges 6 to 7 per cent per annum, whereas the rate of interest charged by the Punjab National Bank, Limited, and the Peoples Bank of Northern India, Limited, varies from 9 to 12 per cent. Most of the lending business against the security of produce is transacted by the Imperial Bank of India. The commission agents being persons of local importance, the banks do not hesitate to advance money to them. Moreover, these agents command good credit in the district with the result that their relatives and others often deposit their surplus money with them. In winter when the raw cotton is sold, the zemindars pay their debts to the village shop-keepers, who in turn settle their accounts with the commission agents, who are thus enabled to pay back their loans to the banks from whom they originally borrowed. Thus the financial circle goes on. Owing to the unfavourable trade conditions during the last three years and the failure of the crops, the village shop-keepers have suffered, in consequence of which the commission agents are now advancing money direct to the zemindars.

It is difficult to gauge the exact amount of capital invested in the trade at Sargodha and other mandis. Enquiries from the commission agents and the Income-tax Officer's own experience suggest the following estimates:—

					Rs.
(a) Sargodha	..	..	..	..	45,00,000
(b) Phullarwan	..	..	..	..	22,50,000
(c) Bhalwal	..	..	..	..	16,50,000
(d) Sillanwali	..	..	..	..	9,00,000
			Total	..	<u>93,00,000</u>

One-third of the total capital may be estimated to have been borrowed from banks.