

Massachusetts General Library



GIFE-FUNE-009080

THE
Bihar and Orissa
Provincial Banking
Enquiry Committee
1929-30

VOLUME II.

Evidence.



PATNA :
PRINTED BY THE SUPDT., GOVT. PRINTING, BIHAR AND ORISSA,
AND PUBLISHED BY THE GOVT. OF INDIA, CENTRAL
PUBLICATION BRANCH, CALCUTTA.
1930.

Government of India Publications are obtainable from the Government of India Central Publication Branch, 3, Government Place, West, Calcutta, and from the following Agents:—
EUROPE.

OFFICE OF THE HIGH COMMISSIONER FOR INDIA, INDIA HOUSE, ALDWYCH, LONDON, W. O. 2

And at all Booksellers.

INDIA AND CEYLON: Provincial Book Depots.

- MADRAS:**—Superintendent Government Press, Mount Road, Madras.
BOMBAY:—Manager, Government Book Depot, Charni Road, Gardens, Queen's Road, Bombay.
SYDNEY:—Library attached to the office of the Commissioner in Sind, Karachi.
BERGAL:—Bengal Secretariat Book Depot, Writers' Buildings, Room No. 1, Ground Floor, Calcutta.
UNITED PROVINCES OF AGRA AND OUDH:—Superintendent of Government Press, United Provinces of Agra and Oudh, Allahabad.
PUNJAB:—Superintendent, Government Printing, Punjab, Lahore.
BURMA:—Superintendent, Government Printing, Burma, Rangoon.
CENTRAL PROVINCES AND BERRAR:—Superintendent, Government Printing, Central Provinces, Nagpur.
ASSAM:—Superintendent, Assam Secretariat Press, Shillong.
BIRAR AND ORISSA:—Superintendent, Government Printing, Bihar and Orissa, P. O. Guisariabagh, Patna.
COORG:—Office of the Chief Commissioner of Coorg, Bangalore.
NORTH-WEST FRONTIER PROVINCE:—Manager, Government Printing and Stationery, Peshawar.
- Thacker, Spink & Co.,** Calcutta and Simla.
W. Newman & Co., Ltd., Calcutta.
S. K. Lahiri & Co., Calcutta.
The Indian School Supply Depot, 309, Bow Bazar Street, Calcutta.
Butterworth & Co. (India), Ltd., Calcutta.
Rai M. C. Sarcar & Sons, 15, College Street, Calcutta.
Standard Literature Company, Limited, Calcutta.
Association Press, Calcutta.
Chukerverty, Chatterjee & Co., Ltd., 13, College Square, Calcutta.
The Book Company, Calcutta.
James Murray & Co., 12, Government Place, Calcutta. (For Meteorological Publications only.)
Ray Chaudhry & Co., 68-5, Ashutosh Mukherji Road, Calcutta.
Scientific Publishing Co., 9, Tattolla Lane, Calcutta.
Chatterjee & Co., 204, Cornwallis Street, Calcutta.
Standard Law Book Society, 8-2, Hastings Street, Calcutta.
The Hindu Library, 3, Nandalal Mallick Lane, Calcutta.
Kamala Book Depot, Limited, 15, College Square, Calcutta.
B. O. Basak, Esq., Proprietor, Albert Library, Dacca.
Mitra Brothers, Rajshahi, Riggibothama, Madras.
Rochouse and Sons, Madras.
G. A. Nateson & Co., Publishers, George Town, Madras.
Theosophical Publishing House, Adyar, Madras.
P. Varadachary & Co., Madras.
S. Murthy & Co., Madras.
City Book Co., Madras.
Bright & Co., Trivandrum.
The Booklover's Resort, Talkad, Trivandrum, South India.
E. M. Gopalakrishna Kone Pudumandapam, Madras.
Central Book Depot, Madras.
Vijapur & Co., Vizagapatam.
Thacker & Co., Ltd., Bombay.
D. B. Taraporevala, Sons & Co., Bombay.
Sunder Pandurang, Bombay.
Ram Chandra Govind & Sons, Kalbadevi Road, Bombay.
N. M. Tripathi & Co., Booksellers, Princes Street, Kalbadevi Road, Bombay.
New and Secondhand Bookshop, Kalbadevi Road, Bombay.
Mrs. Radhabai Atmaram Sagoon, Kalbadevi Road, Bombay.
J. M. Pandia & Co., Bombay.
Gatnal & Co., Bombay.
A. H. Wheeler & Co., Allahabad, Calcutta and Bombay.
S. Govind & Co., Sandhurst Road, Girgaon, Bombay.
Bombay Book Depot, Girgaon, Bombay.
Proprietor, New Kitabkhana, Poona.
The Manager, Oriental Book Supplying Agency, 15, Shukrawar, Poona City.
Rama Krishna Bros., Opposite Vishrambag, Poona City.
S. P. Bookstall, 21, Budhwar, Poona.
Mangaldas & Sons, Booksellers and Publishers, Bhaga Talad, Surat.
The Standard Book and Stationery Co., 22-23, Arbab Road, Peshawar.
J. B. Umadkar & Co., The Bharat Book Depot, Dharwar.
The Students' Own Book Depot, Dharwar.
Sri Shankar Karnataka Pustaka Bhandara, Malekaddi, Dharwar.
- The Standard Bookstall,** Karachi, Quetta, Delhi, Murree and Rawalpindi.
The Karachi Book Depot, Elphinstone Street, Camp Karachi.
The English Bookstall, Karachi.
The Standard Bookstall, Quetta.
U. P. Malhotra & Co., Quetta.
J. Ray & Sons, 43, K. & L., Edwardes Road, Rawalpindi, Murree and Lahore.
The Standard Book Depot, Lahore, Nainital, Mussoorie, Dalhousie, Ambala Cantonment and Delhi.
N. B. Mathur, Supdt., Nasir Kanun Hind Press, Allahabad.
The North India Christian Tract and Book Society, 18, Clive Road, Allahabad.
Ram Dayal Agrawala, 184, Katra, Allahabad.
Ram Narain Lal, Katra, Allahabad.
The Indian Army Book Depot, Juhl, Cawnpore.
Narayana & Co., Weston Road, Cawnpore.
The Indian Army Book Depot, Jullundur City, Daryaganj, Delhi.
Manager, Newal Kishore Press, Lucknow.
The Upper India Publishing House, Ltd., Literature Palace, Ammuddaula Park, Lucknow.
Rai Sahib M. Gulab Singh & Sons, Mufid-i-Am Press, Lahore and Allahabad.
Rama Krishna & Sons, Booksellers, Anarkali, Lahore.
Puri Brothers, Booksellers and Publishers, Katcheri Road, Lahore.
The Tilak School Bookshop, Lahore.
The Standard Bookstall, Lahore.
The Proprietor, Punjab Sanskrit Book Depot, Saidmitha Street, Lahore.
The Insurance Publicity Co., Ltd., Lahore.
The Punjab Religious Book Society, Lahore.
The Commercial Book Coy., Lahore.
The University Book Agency, Kachari Road, Lahore.
Manager of the Imperial Book Depot, 65, Chandni Chowk Street, Delhi.
Fono Book Agency, New Delhi.
Oxford Book and Stationery Company, Delhi and Calcutta.
Supdt., American Baptist Mission Press, Rangoon.
The Modern Publishing House, Ltd., 30, Phayre Street, Rangoon.
Burma Book Club, Ltd., Rangoon.
Manager, The "Hitavada," Nagpur.
Bhisey Brothers, Booksellers and Stationers Sitabaldi, Nagpur.
S. C. Talukdar, Proprietor, Students & Co., Cooh Behar.
The Manager, Ceylon Observer, Colombo.
The Manager, The Indian Book Shop, Benares City.
Nandkishore & Bros., Chowk, Benares City.
The Srivilliputtur Co-operative Trading Union, Ltd., Srivilliputtur (S. I. B.).
Raghunath Prasad & Sons, Patna City.
The Students' Emporium, Patna.
K. L. Mathur & Bros., Gurri, Patna City.
Dandekar Brothers, Indore City.
Pustakalaya Sahayak Sahakari, Ltd., Baroda.
M. C. Kothari, Raopura Road, Baroda.
The Hyderabad Book Depot, Chaderghat, Hyderabad (Deccan).
Thakur & Co., Amraoti.
S. Krishnaswamy & Co., Teppakulam, P. O. Trichinopoly Fort.
National College Teachers' Union Book Depot, Trichinopoly.
Superintendent, Bangalore Press, Lake view, Mysore Road, Bangalore City.

ADK 2021/20

90.2

9080

CONTENTS.

	PAGES.
General Questionnaire	i to x
Evidence of witnesses orally examined in order of examination.	
Rai Bahadur Durga Prasad, Registrar, Co-operative Societies, Bihar and Orissa	1—47
Rai Sahib Raj Prakash Narain, Sonaruh, Fatwa, Patna	47—75
Mr. V. M. Thakore, Secretary, Bihar and Orissa Provincial Co-operative Bank, Patna	76—119
Rai Sahib Mihir Nath Roy, Managing Director, Bihar and Orissa Provincial Co-operative Bank, Patna	76—119
Khan Bahadur Saghirul Haque, Deputy Chairman, Central Co-operative Bank, Siwan (Tirhut)	119—188
Rai Sahib Bijoy Kumar Roy, Pleader, Banka (Bhagalpur)	138—141
Mr. D. D. Sondhi, Secretary, Bihar and Orissa Co-operative Federation, Patna	142—168
Babu S. N. Sahay, Honorary Secretary, Central Co-operative Bank, Musaffarpur	168—189
Mr. D. R. Sethi, Director of Agriculture, Bihar and Orissa, Patna	190—208
Mr. D. C. Gupta, Director of Industries, Bihar and Orissa, Patna	204—220
Mr. Y. A. Godbole, I.C.S., Manager, Banaili Raj, Bhagalpur	221—241
Babu Jugal Kishore Narain, Munsif, Patna	241—261
Mr. P. T. Mansfield, Director of Land Records and Surveys, Bihar and Orissa, Patna	262—270
Mr. H. A. Gubbay, A.M., I.C.E., Chief Engineer, Bihar and Orissa, Patna	270—271
Mr. B. B. Mukherjee, Professor of Economics, G. B. B. College, Musaffarpur	272—290
Babu Debi Prasad, Manager of Babu Haricharan Ganguli, Zamindar, Colgong, Bhagalpur	290—295
Babu Sambhu Dayal, Income-tax Officer, Darbhanga (Tirhut)	295—307
Babu Satgur Das, Agent, Benares Bank, Musaffarpur	308—321
Babu Haridas Roy, Deputy Collector, Motihari	321—331
Babu Ram Prasad Dubey, Manager, Central Co-operative Union Limited and Government Grain Golas, Deoghar (Bhagalpur)	332—342
Rev. R. M. Macphail of the Scottish Mission, Bamdab, Santal Parganas	349—357
Babu Mathura Prasad, Assistant Registrar, Co-operative Societies, Bhagalpur	357—377
Mr. C. J. Sawhney, Industrial Engineer, Bihar and Orissa, Patna	378—401

	PAGES.
Babu Sadashiva Prasad, Hajipur, Muzaffarpur	401—421
Note by Mr. S. N. Das, Postmaster-General, Bihar and Orissa) ...	422—425
Khan Bahadur Syed Azharul Haque, Assistant Postmaster-General, Bihar and Orissa	425—435
Mr. K. P. Misra, Assistant Postmaster-General, Bihar and Orissa ...	435—440
Rai Sahib Pandit J. Kumar, Superintendent, Post offices, Patna Division, Patna	440—446
(Note by Mr. E. S. Hoernle, I.C.S., Deputy Commissioner, Santal Parganas)	447—448
Akhouri Gopi Kishore Lal, Subdivisional Officer, Dumka	448—465
Babu Gopi Lal Agarwalla, Oil Mill Owner, Dinapore, Patna	466—477
Mr. R. C. Pundit } Mr. H. B. Chandra } Representatives of the Bihar and Orissa Chamber Mr. G. C. Gepta } of Commerce, Patna	478—501
Mr. M. Yunus, Honorary Secretary, Bihar Land-holders' Association ...	501—510
Rai Sahib Madhab Chandra Misra, Subdivisional Officer, Cuttack	511—535
Mr. N. K. Mukherjee, Common Manager, Kotdesh Estate, and Chairman, Nimapara Central Co-operative Union, Ltd., Puri ...	536—548
Mr. N. K. Roy, Deputy Registrar, Co-operative Societies, Bihar and Orissa, Cuttack	549—601
Mr. B. Das, M.L.A., Cuttack	601—606
Mr. N. Senapati, I.C.S., Collector, Puri	607—624
Babu Gorakh Nath Sinha, Professor of Economics, Ravenshaw College, Cuttack	624—637
Babu Ananta Charan Das, Contractor, Cuttack	637—640
Babu Gopal Chandra Praharaj, Cuttack	640—642
Maulavi Kassem Saleh Muhammad, Merchant, Chandbali, Balasore ...	643—651
Babu Krishna Mohan Mahanty, Secretary, Jagannath Bank, Puri ...	652—658
Rev. L. Liefman, Missionary, Ranchi	659—674
Mr. H. Graham, I.C.S., Commissioner of Income-tax, Bihar and Orissa ...	674—679
✓ Babu Tarapasanna Ghose, Honorary Organiser, Co-operative Societies, Ranchi	680—709
✓ Mr. J. W. Houlton, I.C.S., Settlement Officer, Chota Nagpur Settlement, Ranchi	710—724
✓ Mr. C. C. Chatterjee, Retired Deputy Collector and Manager, Palamau Wards Estates, Palamau	724—740
✓ Babu Janokinath Gupta, Managing Director, Chota Nagpur Banking Association, Hazaribagh	740—756
(Note by Mr. A. D. Tuckey, I.C.S., Deputy Commissioner, Hazaribagh)	757—759
✓ Maulavi Chaudhury Saiyid Nazir Alam, Subdivisional Officer, Hazaribagh	759—772
✓ Professor S. K. Bose, St. Columba's College, Hazaribagh	772—786
✓ Rai Sahib Surendra Kumar Dutt, Pleader and Chairman, Chatra Municipi- pality, Hazaribagh	786—796

CONTENTS,

iii

		PAGES.
Written evidence of persons not orally examined.		
Mr. B. C. Baral,* Agent, Imperial Bank of India, Darbhanga	...	798—807
✓ Mr. C. A. Maclean, Deputy Director of Agriculture, Chota Nagpur Range, Kanke (Ranchi)	807—811
Babu Lalji Singh, Merchant, Colgang, Bhagalpur	811—812
Babu R. K. L. N. Singh, Merchant	812—814
Babu Rajendra Prasad	814—817
Simple Questionnaire for village enquiries	...	817—819
Instructions to the Investigators	814—820
Specimen replies to the Simple Questionnaire.		
Maulavi S. M. Mujtaba, Munsif and Assistant Settlement Officer, Ranchi Settlement (village Tungaon, district Ranchi)	...	821—826
Maulavi M. A. Ahsan of the Co-operative Department, Muzaffarpur (village Rampur Kumbarkole, district Muzaffarpur)	827—835
Babu Prahlad Chandra Patnaik, Honorary Secretary and Honorary Organiser, Kujang Central Co-operative Union (village Chatua, district Cuttack)	836—842
Babu Jagabandhu Mahapatra, Economics Student, Patna College (village Dimbir, district Puri)	843—849
Babu Naresch Chandra Sinha, Lecturer in Economics, Bhagalpur College (village Tarar, district Bhagalpur)	850—856
Maulavi Samshul Huda, Sub-Deputy Collector, Gaya (village Simaroo Rasulpore, district Gaya)	857—861

CLASSIFIED LIST OF WITNESSES.**I.—Government Officials other than Professors of Economics.**

	PAGES.
Rai Bahadur Durga Prasad, Registrar, Co-operative Societies, Bihar and Orissa	1—47
D. R. Sethi, Esq., Director of Agriculture, Bihar and Orissa ...	190—208
D. C. Gupta, Esq., Director of Industries, Bihar and Orissa ...	204—220
Babu Jugal Kishore Narain, Munsif, Patna	241—261
P. T. Mansfield, Esq., Director of Land Records and Surveys, Bihar and Orissa	262—270
H. A. Gubbay, Esq., A.M., I.C.E., Chief Engineer, Bihar and Orissa ...	270—271
Babu Sambhu Dayal, Income-tax Officer, Darbhanga	295—307
Babu Hari Das Roy, Deputy Collector, Motihari	321—331
Babu Mathura Prasad, Assistant Registrar of Co-operative Societies, Bhagalpur	357—377
C. J. Sawhney, Esq., Industrial Engineer, Bihar and Orissa ...	376—401
Khan Bahadur Saiyid Azharul Haque, Assistant Postmaster-General, Bihar and Orissa	425—435
K. P. Misra, Esq., Assistant Postmaster-General, Bihar and Orissa ...	435—440
Rai Sahib Pandit J. Kumar, Superintendent, Post Offices, Patna Division, Patna	440—446
Akhouri Gopi Kishore Lal, Subdivisional Officer, Dumka	448—465
Rai Sahib Madhab Chandra Misra, Subdivisional Officer, Cuttack ...	511—535
N. K. Roy, Esq., Deputy Registrar, Co-operative Societies, Bihar and Orissa, Cuttack	549—601
N. Senapati, Esq., I.C.S., Collector of Puri	607—624
H. Graham, Esq., Commissioner of Income-tax, Bihar and Orissa, Ranchi	674—679
J. W. Houlton, Esq., I.C.S., Settlement Officer, Chota Nagpur, Ranchi	710—724
Maulavi Chaudhuri Nazir Alam, Subdivisional Officer, Hazaribagh ...	759—772

II.—Co-operative Non-Official workers.

Rai Sahib Raj Prakash Narain, Honorary Organiser, Co-operative Societies, Fatwa	47—75
Mr. V. M. Thakore, Secretary, Provincial Co-operative Bank, Patna ...	76—119
Rai Sahib Mihir Nath Roy, Managing Director of Bihar and Orissa Provincial Co-operative Bank, Patna	76—119
Khan Bahadur Saghirul Haque, Deputy Chairman, Central Co-operative Bank, Siwan	119—133

CONTENTS.

v

	PAGES.
Mr. D. D. Sondhi, Secretary, Co-operative Federation, Bihar and Orissa, Patna	142—168
Babu Ram Prasad Dubey, Manager, Central Co-operative Bank, Deoghar	332—349
Babu Sadashiva Prasad, Honorary Co-operative Worker, Hajipur ...	401—421
Mr. N. K. Mukherjee, Chairman, Nimapara, Central Co-operative Banking Union, Puri	536—548
Babu Tarapasanna Ghose, Honorary Organiser, Co-operative Societies, Ranchi	680—709

III.—Bankers, money-lenders, etc.

Babu Sham Nandan Sahai, Zamindar and money-lender, Muzaffarpur	168—189
Babu Satgur Das, Agent, Benares Bank, Muzaffarpur ¹	308—321
Mr. R. C. Pundit, Managing Director, Bank of Bihar, Patna ...	478—501
Babu Ananta Charan Das, Money-lender and Contractor, Cuttack ...	637—646
Babu Krishna Mohan Mahanty, Manager, Jagannath Bank, Puri ...	652—658
Babu Janokinath Gupta, Managing Director, Chota Nagpur Banking Association, Hazaribagh	740—756

IV.—Professors of Economics.

• Mr. B. B. Mukherjee, G. B. B. College, Muzaffarpur	272—290
• Mr. Gorakh Nath Sinha, Ravenshaw College, Cuttack	624—637
• Mr. S. K. Bose, St. Columba's College, Hazaribagh	772—786

V.—Traders, Zamindars and others.

Rai Sahib Bijoy Kumar Roy, Vakil, Banka	133—141
Y. A. Godbole, Esq., I.C.S., General Manager, Banaili Raj, Bhagalpur	221—241
Babu Debi Prasad, Manager of Babu Haricharan Ganguli, Zamindar, Colgong, Bhagalpur	292—295
Rev. R. M. Macphail of the Scottish Mission of Bamdah ...	349—357
Babu Gopi Lal Agarwalla, Oil Mill Owner, Dinapore	466—477
Mr. H. B. Chandra, Insurance Agent, } Mr. G. C. Gupta, Merchant } Representatives of the Bihar and Orissa Chamber of Commerce	478—501
Mr. M. Yunus, Bar-at-Law, Representative of the Bihar Land-holders' Association, Patna	501—510
Babu Gopal Chandra Praharaj, Vakil and Zamindar, Cuttack ...	640—642
Maulavi Kassem Saleh Muhammad, Merchant, Chandbali	643—651
Rev. L. Liefman, Missionary, Ranchi	659—674
Mr. C. C. Chatterjee, Manager, Court of Wards, Daltonganj ...	724—749
Rai Sahib Surendra Kumar Dutt, Vakil and Municipal Chairman, Chatra	786—798
Mr. B. Das, M.L.A., Engineer and Contractor, Cuttack	801—806

**General Questionnaire of the Bihar and Orissa Provincial Banking
Enquiry Committee.**

(The following memorandum is published in order to assist witnesses in the preparation of their evidence. It is not to be regarded as exhaustive, nor is it desired that each witness should necessarily attempt to deal with all the questions raised.)

I. AGRICULTURAL CREDIT AND CREDIT FACILITIES FOR SMALL INDUSTRIES.

1. Describe the present system by which the agriculturist in your district or province obtains finance—

- (a) for expenses during cultivation,
- (b) for capital and permanent improvements, and
- (c) for other special needs, e.g., failure of monsoon, for land revenue, etc.

What are the rates of interest charged in your district or province in respect of advances, the period for which loans are taken, the nature of the security given and accepted (e.g., standing crops, etc.), and other conditions attaching to the grant of such loans?

Describe the part played in agricultural finance by Government, the Imperial Bank of India, the Joint Stock Banks, Co-operative Banks, the Indigenous Banks and Bankers, professional moneylenders, merchants and dealers, and other organisations giving credit (e.g., companies trading in fertilisers, etc.).

Can you give an estimate of the total amount of capital required for the various purposes stated above for your district or province?

State defects, if any, in the present system and the reasons for the existence of such defects. Do you suggest any remedies?

Is there co-ordination among the various credit agencies including Government, and is there scope for improvement in that direction?

2. Describe the present method of marketing principal crops in your district or province.

What in your opinion are the possibilities of forming pools, and of co-operative effort generally in marketing produce?

Describe the credit facilities required for the financing of products during marketing and the facilities actually existing.

In regard to such facilities is there any special difference as between internal trade and foreign trade?

What is the part played by the different classes of banks and bankers and merchants and dealers during the process of marketing?

What are the existing facilities available to the public, including banks and bankers, for internal remittance?

State any defects in the existing system and any suggestions for improvement.

Describe the part played by negotiable instruments in the internal trade of the province.

Have you any suggestions to make for the more extensive use of bills (e.g., by reduction of duty on bills)?

What are the different classes of *hundis* current in your part of the country? What are the peculiarities of each? Please give sample wording.

Have you any suggestions for the amendment of the Negotiable Instruments Act by which the public and the bankers handling *hundis* might be better protected or benefited?

Are *hundis* emanating from your locality discounted in your local centre or are they sent to a provincial centre and discounted there, or are they held by middlemen, merchants or commission agents?

What different kinds of instruments of ownership of goods and produce (e.g., railway receipts) and documents are employed for raising money during the process of marketing?

Are any difficulties experienced in the use of these instruments and have you any suggestions to make with a view to removing those difficulties?

What in your opinion are the possibilities of operating licensed warehouses in India either on the lines of the system which exists in the United States of America or otherwise?

Do you think there is any need for Government assistance in the matter?

3. In your district what is the value of land per acre for different kinds of crops?

What are the factors affecting such value? In your reply, please distinguish between—

(a) value of land in Government auction for non-payment of revenue;

(b) value of land in the event of sale by court decree;

(c) value of land in purchase by private negotiation.

4. Is there any legal impediment to mortgage of land and agricultural holdings in your province? Are there any land mortgage banks or agricultural banks in your province or any other banks for the provision of long term credit?

State what you know of their method of work and of raising capital.

If no such institution exists in the province, suggest the lines on which such institutions could be established and worked to the advantage of the landholders and tenants of your province.

Do you suggest any measures for—

- (a) improvement in the record-of-rights and title of ownership so as to simplify reference, and to avoid possibilities of disputes and counterclaims by parties other than those who are the clients of the Bank,
- (b) simplification of the process of foreclosure and sale by the Mortgage Bank in the event of non-payment,
- (c) reduction of costs of reference to the record-of-rights and of registration of records and of the process at law so as to reduce the burden on the good constituents of the Bank in respect of charges incurred on account of defaulters?

Should the working capital of the proposed Mortgage Bank be derived largely from—

- (a) deposits,
- (b) funds from central institutions, or
- (c) debenture bonds?

Should debenture bonds carry any Government guarantee either for principal or interest or for both?

If so, what measures would you suggest to secure Government against unnecessary loss?

On what terms should Agricultural Mortgage Banks raise monies under each of the abovementioned heads, with or without Government guarantee, and on what terms should they lend out money so as to cover their expenses?

Please state any other suggestions for the adequate provision of long term credit against sound security.

5. In order to devise measures for the increase of credit facilities to the agricultural classes it is necessary to reach an estimate as accurate as possible of the existing indebtedness of these classes.

Do you know of any such estimate for a village or a district in your province, or for the whole province?

In what manner can such estimate be obtained with reasonable accuracy?

In such an estimate please distinguish between—

- (a) the amount of debt with land as security which is in the form of a registered mortgage,
- (b) the amount of debt which is concealed in the form of a judicial sale to circumvent the provisions of Acts such as the Deccan Agriculturists Relief Act,
- (c) the amount of debt which is incurred against any other assets, such as the village house, ornaments, ploughs and other agricultural implements, crops and produce, or debt which is given on the general security of all the assets without a specific pledge.

Please state wherever possible the purposes for which the debt was incurred, such as

- (a) the repayment of earlier debts,
- (b) marriage and other social occasions,
- (c) famine and other kinds of distress,
- (d) payment of land revenue,
- (e) growth of the debt by compound interest, interest not having been paid,
- (f) seeds and manure,
- (g) improved agricultural implements,
- (h) sinking of wells and agricultural improvements.

Please indicate also to whom this debt is largely due and whether the creditors are Government, Banks, Co-operative Societies, or indigenous bankers and professional money-lenders.

State what you know of the rates of interest charged, the methods used for calculating it and for enforcing the payment of the debt.

Do you think a large number of people who are efficient farmers, are being turned into tenants for a period, or tenants at will through the process of the enforcement of the old debts and landed property passing on into the hands of the creditors?

If this process is going on, does it take away from the actual cultivator the incentive to produce more and in an efficient and better manner?

6. Give some idea of the number of small subsidiary industries allied or supplemental to agriculture existing in your province, such as rice milling, dairy farming, gur making, garden produce, cotton ginneries, sugar refineries, hand spinning, etc.

Can you suggest methods by which any such industries could be encouraged and by which the producer might be enabled to get a better return for his produce?

Can you suggest any enterprises which may give employment to the farmer during seasons when he cannot make full use of his time on his farm and thus enable him to supplement his income and to raise his standard of living?

What would be the best method of securing working capital for such enterprises?

What financial machinery do you suggest for this purpose?

7. State what you know of the relations that exist between the Co-operative Banks and the other banks in the country, namely, the Imperial Bank of India, the Joint Stock Banks and the Indigenous Banks.

Describe any existing difficulties in the matter of finance in the case of Co-operative societies both in regard to short and long term capital.

Can you give an estimate of the amount of extra capital required for financing Co-operative movement in your district or province?

Is there any competition in your district or province between the Co-operative Banks and Joint Stock Banks?

If so, to what extent and in what direction?

Have you any views regarding the possibility and desirability of granting financial concessions in order to stimulate the growth of the Co-operative movement (*e.g.*, by extension of special exemption from income-tax to genuine Co-operative Societies, inclusion of debentures issued by Provincial Co-operative Banks in the list of trustee securities, etc.)?

II. INDIGENOUS BANKING.

(*Note.*—By indigenous banking is meant all banks and bankers other than the Imperial Bank of India, the Exchange Banks, Joint Stock Banks and Co-operative Banks. It includes any individual or private firm receiving deposits, dealing in *hundis* and lending money.)

1. State what you know of the functions of the indigenous bank or banker in your district or province enumerating all kinds of business the bank or banker transacts?

2. How and to what extent does an indigenous bank or banker in your district or province assist in financing agriculture, trade and industry?

3. State what you know of the organisation of the indigenous banking system in your district or province with regard to—

(a) the amount of capital invested,

(b) the volume of their business,

(c) their expenses, and

(d) the relations between one indigenous bank and another and between indigenous banks and other banks in the country, (*viz.*) the Imperial Bank of India, the Joint Stock Banks and the Co-operative Banks.

4. State what you know of the various forms of *hundis* and other credit instruments used by the indigenous banks and bankers and the extent of their use. Give sample copies of any of the *hundis*, promissory notes, deposit receipts, etc., used in your locality.

5. State what you know of the indigenous bankers' methods of granting loans and allowing cash credits and the terms and nature of these loans and cash credits.

What are the means by which the indigenous banks and bankers provide themselves with funds to meet their demands?

What are the rates of interest allowed on various kinds of deposits received by them?

6. What are the rates of interest either in money or in kind which the agricultural community has to pay at present to the indigenous banker?

In what manner do you suggest these rates could be brought down by better organisation?

Would the reduction of such rates confer great benefit on the agricultural community and increase its resources thereby leading either to an improvement in the standard of living or enabling them to spend more on agricultural improvements, better agricultural implements, etc.?

7. Is there a prejudice in your locality against the indigenous bankers?

Are these bankers sufficiently protected in law?

Is there any legal or other facility which can be extended to them?

Are the dealings of this class of bankers with their clientele conducted on sound lines?

If not, indicate the existing defects, making suggestions for remedying them.

8. Would you suggest any means of making this class of bankers more serviceable to the community?

Could you suggest any means by which the indigenous banking system in India could be improved and consolidated?

Do you recommend any special facilities to be given to this class for this purpose?

What do you think would be the attitude of the indigenous banking community toward the introduction of any measures for regulating their operations and for giving publicity to the same?

9. After making allowance for the legal expenses, management charges, losses through default and losses through foreclosure, can you give an idea of the net return to the indigenous banks and bankers on their capital?

10. Please state whether the indigenous banks and bankers are able to meet all demands for accommodation or whether they are obliged to refuse any either on account of the unacceptable nature of the security offered or owing to insufficiency of their working capital?

11. How in your opinion should the indigenous banking system be linked with the central money market and provincial capitals?

Would you suggest the establishment of a branch of a Joint Stock Bank, or a branch of a Central Reserve Bank, or a local Bank with local directorate, in each district with which the indigenous banking system may be connected?

In what manner could such a bank inspire the confidence of the indigenous bankers and be able to utilise the local knowledge and experience of the latter?

How is the competition of such a bank with the indigenous bankers to be avoided?

12. Do you think there is a large amount of money in the districts in the hands of indigenous bankers which does not find employment throughout the year?

Do you think that owing to this cause any large amount of money is flowing to the provincial capital either for long or for short periods?

Do you think any kind of improvement in the organisation of lending or borrowing can be made by which these funds instead of flowing to the provincial capitals would find remunerative employment in the districts and thereby benefit the districts?

III. INVESTMENT HABIT AND ATTRACTION OF CAPITAL.

1. What are the existing banking resources in the province? -

Can you state the amount of additional capital, if any, required?

What are the means or institutions in existence for encouraging savings and investment habit?

Are the public provided with full facilities for the investment of their savings?

Can the existing facilities be improved in any way or extended in the smaller interior places?

Can you give any useful information in regard to the habits of the people of India to invest in silver and gold?

2. Are Postal Cash Certificates popular in your district or province and can any steps be taken to increase their popularity?

Do present interest rates of Cash Certificates require revision and do existing terms of issue in any way need change?

Do Savings Banks afford all possible facilities to the Public?

What classes of population resort to such forms of investment?

Can anything be done to attract other classes? -

Have you anything to say regarding the alleged competition of Government with Banking institutions and bankers in regard to deposits by their attractive rates on Postal Cash Certificates and Treasury Bills?

3. State the existing facilities for purchase and sale of Government securities afforded by Government, the Imperial Bank of India and other Banks. Are you in favour of granting any special facilities to the small agriculturists and the small investors of the country to take up some form of Government security? If so, state what special facilities you recommend?

State the existing facilities for purchase and sale of securities other than Government securities, afforded by the various financial agencies.

Can you indicate clearly the habits of various groups of people in your district or province with reference to monies which come into

their hands by sale of produce or through any other cause? Where do they keep this money and for what purposes and in what manner, do they use it?

Do the farmers lend to fellow agriculturists and on what terms? How do they invest surplus money in a prosperous year? Give any information you can regarding the amount, growth and distribution of capital among the indigenous population.

4. State what you know about the growth of cheque-habit.

What has been the effect of the abolition of stamp duty on cheques?

What classes of population use cheques? Have you any suggestions to make for further promoting the cheque habit (*e.g.*, payment of Government servants and Bank employees above Rs. 100 by cheques)?

Have you any suggestions to make regarding the use of vernacular scripts in banking?

5. Do you support the view that the banking and investment habit in India is of very slow growth?

If so, to what causes do you attribute it?

Have you any suggestions to make regarding the various possible means of educating the people of the country to invest their savings in productive undertakings (*e.g.*, propaganda by Government in regard to Government loans for capital expenditure, etc.)?

As far as you know, what has been the result of the opening of new branches in recent years by the Imperial Bank of India?

Supplementary Questions.

Question 1.—Describe the part played by the different classes of Banks and Bankers and Importing and Exporting firms in the financing of the Foreign Trade of India during the following stages:—

(a) Export trade:—

(i) From the village to the Mandi.

(ii) From the Mandi to the exporting ports.

(b) Import trade:—

(i) From the importing ports to the distributing centres in India, such as Amritsar, Delhi, Cawnpore, etc.

(ii) From the distributing centres to the consumer.

Question 2.—What are the terms on which the financing of trade during the above stages is done?

Are any difficulties experienced in connection with the above financing and have you any suggestions to make for removing those difficulties and for improving in any way the existing financial facilities available for the movement of imported and exportable articles?

Question 3.—It has been suggested that the grower of produce in India does not get the full value for his produce on account of the speculative buying and selling activities of firms and companies who deal in the

export trade and by the control of prices by these and other bodies. What are your views on this suggestion? Please supplement your views by any facts and figures within your knowledge. Have you any observations to make with a view to ensure a better return to the growers of produce in India?

Additional Questions for the Bihar and Orissa Provincial Banking Enquiry Committee.

1. Do you find that in the part of the province you know the native born inhabitants are backward in banking activity as compared with Indians from other parts of India? If so, what are the reasons?

2. Are branches of Joint Stock Banks, whose head offices are outside the province, to be found in your part of the province? If so, do they attract savings and export them for use outside the province which would otherwise be used within the province? Would you regard this as an evil, and if so, do you see any way to remedy it?

3. (a) Could the larger rural Post Offices, *e.g.*, those at subdivisional headquarters extend their banking business, which already covers remittance, and Savings Bank accounts, by accepting current accounts on which customers could draw by cheque?

Should Government undertake this business pending the establishment of private Banks commanding confidence in rural areas?

(b) Would it be possible to link the indigenous banking system with the state post office banking system by entrusting, with provisions for adequate control, to such Post Offices another banking function, *viz.*, the discounting of credit paper (*hundis* or other negotiable instruments) drawn by local merchants or money-lenders, if adequately backed by persons of substance or supported by collateral security? If so, what limitations and safeguards and what forms of control would you suggest?

4. Do you think there is any scope for banks or other credit agencies such as pawnshops lending on valuables, *e.g.*, gold and silver ornaments? If so, should such institutions be state-owned, state-aided or merely subject to some state regulations?

5. Is it your experience that *mahajans* mix up in a single account with a client purely trading transactions, such as sale of cloth or grain, with banking transactions? If so, does that practice lead to evils which are capable of remedy by legislation, *e.g.*, by insisting on separate accounts? Would such a separation inspire more confidence in the money-lending branch of the business?

6. Could Indigenous Bankers be more adequately protected by pooling information about their clients? Is there any obstacle to Indigenous Bankers combining for this purpose, *e.g.*, the existing law of libel?

7. Is it possible or desirable to set up a class of licensed or registered money-lenders with special facilities and privileges whose

operations may be controlled by the state in the interests of agriculture, small scale trade and small scale industries? If so, what restrictions would you place on their business? Would you restrict their lending to productive purposes only?

8. Is it your experience that an excessive proportion of savings is invested in land, thereby forcing up the price of land beyond the value which the returns therefrom would justify?

9. How do small urban industries, small retail traders and small contractors obtain their finance? Have you any suggestions to make for improving their facilities?

10. Is any use made of the Usurious Loans Act (X of 1918) in your part of the province with which you are familiar? If not, can you explain why? Are there any other restrictions on usury in force, and if so, are they effective?