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REPORT
OF THE
Bihar and Orissa
Provincial Banking
Enquiry Committee

1929-30

VOLUME I



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1. Banking Map of the Province of Bihar and Orissa facing the frontispiece.
2. Map shewing the distribution of co-operative societies in the province of Bihar and Orissa facing the frontispiece.

APPENDIX.

I.—General Questionnaire of the 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?

II.—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?

III.—Simple Questionnaire for Village Enquiries.

Government all over India are trying to find out how the *raiyats* in the Mufassal manage to get money for expenses of cultivation, for improvements and other needs, how they sell their produce, what they do with their savings, and how much they owe. The object is to try to improve the *raiyats*' condition in every way possible. We are asking some gentlemen to help us to make these enquiries and we hope you will be ready to answer the questions of the gentleman, who sends you this paper, when he comes to your village. We do not want you to write anything down yourself but only to be ready to answer questions, and to get your fellow-*raiyats* to answer them too. Some spare copies are being sent so that you can give them to your friends, and then you can talk the matter over.

BORROWING.

1. Do you or the other *raiyats* of your village have to borrow money in ordinary years for the expenses of cultivation? If some *raiyats* have to borrow and others do not, why is this?

2. From whom is money borrowed for this purpose? Is it borrowed from a money-lender living at a distance, or from a Co-operative Society? If it is borrowed from a village money-lender, is he just one of the richer *raiyats* or is he of some particular caste?

3. What rate of interest is paid for such loans, and when are these loans taken and when paid back? Is any security given? Are there any other conditions? Is any document written besides an entry in the money-lender's books?

4. When any *raiyat* in your village wants to make an improvement on his holding such as digging a well, or turning upland into paddy land, does he borrow money? If so from whom does he borrow? What rate of interest does he pay? How long is he allowed to pay the loan back? Does he give any security? What sort of document does he execute?

5. Do you or the other *raiyats* of your village usually have to borrow money to meet other needs; for example to pay your rent, to feed yourselves when the crop fails, for marriage or funeral expenses, for replacing lost cattle? If so, from whom do you borrow and on what terms? Are such loans usually taken for a definite number of years?

6. Can you give any idea of how much money is borrowed in a year for each of these three purposes i.e., for the annual expenses of cultivation, for improvements, and for special needs by the *raiyats* of your village? Do you think that if money could be borrowed more easily and cheaply for the first and second purposes better crops could be raised?

7. Have you ever taken a *takavi* loan? If so, did you have anything to complain about? Do you know that you can borrow from Government for making improvements? If so, can you say why very few people take such loans?

A DEBT-CLEARING BANK.

8. Do you think it would be a good thing to start a bank which would advance to *raiya*t the amount needed to clear off their debts? Such a bank would require a mortgage on the *raiya*t's holding and expect fairly regular payment of interest. The interest would probably be lower than what you pay to your *mahajans*, but if you did not pay it regularly your holding might be sold up. Such a bank might perhaps also lend out money for improvements.

TOTAL INDEBTEDNESS.

9. Can you give us a statement of how much the *raiya*t of your village owe? We do not want any names and will not let any body else see the statement, but only use the totals. We should like to have it made out like this. Please fill up the form for every household in the village, if you can, *even those who have no debts*. There will probably be some rich men and some very poor men who are not in debt at all.

Debts in village.....Thana.....District.....

Serial no.	Debt due to government (<i>takavi</i>).	Debt due to the village <i>mahajan</i> .	Debt due to a co-operative society.	Debt due to a buyer of produce.	Debt due to other creditors.	Remarks.
1	Rs.	Rs.	Rs.	Rs.	Rs.	
2	Rs.	Rs.	Rs.	Rs.	Rs.	
3	Rs.	Rs.	Rs.	Rs.	Rs.	

MARKETING.

10. To whom do you and the other *raiya*t of your village sell your produce? Do you usually sell most of it very soon after harvest? If you want to keep the produce till you can get a better price, have you any place to store it? Have you ever thought of getting a number of *raiya*t together to build a storing place, so as to be able to wait for a better price? Do you get fair treatment from the purchaser of your produce? If you do not can you find another purchaser or are you obliged, by reason of your owing money to him, to sell to a particular purchaser? Do you usually take advance from any grain merchant before the harvest? Do you take your produce yourself to the market or does your purchaser collect it?

CHEAPER CREDIT.

11. If you *raiya*t could borrow money at cheaper rates, what would be the result? Would you borrow more money? If so, would you

spend it on improvement such as wells, or on buying manures that would give you better crops? Or would most of you spend more on marriages and *shradhas*? Have you any other idea about the result of cheaper credit?

USE OF SAVINGS.

12. What do you and the other *raiya*t>s of your village do with your savings? Do you bury the rupees, or buy ornaments with them, or put them in your Co-operative Society, or in the Post Office Savings Bank, or buy Postal Cash Certificates, or buy more land, or use your savings in any other way? Do you know all about the Post Office Savings Bank and Postal Cash Certificates? Are you satisfied with the treatment you get from the Post Office, if you have put your savings there?

Instructions to the investigator.

The set of questions sent herewith is intended to collect information for the Banking Enquiry from the agriculturists, particularly the actual cultivators. The questions are based on Part I, Sections 1, 2, 4, and 5 and Part III, Sections 1, 2, and 3, of the questionnaire, of which a copy is enclosed but have been put into simpler language and expanded.

The best thing will be to send five or six copies to the principal man in the village, which you are investigating, some little time before you go yourself, so that he and the other most intelligent men can talk the matter over and be ready with answers when you arrive. You will see that these men are not being asked to write down their replies. We want you to do that yourself in the "answer form" attached.

Question 9 is the most difficult one for getting good answers but is the one for which we most want your help. Please try to work through the households of the whole village, including labourers (who probably will not have any considerable debts). If these are left out and the indebtedness of the province calculated on the average of the ordinary *raiya*t>s, it will obviously be put too high.

We should like to have your answers to the following questions if you can get information during your visit to the village.

1. What proportion of the debt in the village was incurred for
 - (a) repayment of earlier debts
 - (b) marriage and other social occasions.
 - (c) famine and other kinds of distress?
 - (d) payment of land revenue or rent?

Answers.

- (e) purchase of seeds and manure
 - (f) purchase of improved implements
 - (g) sinking of wells and other improvements
 - (h) non-payment of interest on due dates?
2. What rates of interest are charged by the various creditors and how is it calculated? How is payment of the debt enforced?
 3. Are the *raiya* holdings of this village passing out of the hands of the actual cultivators who are kept on as under-*raiya*s? What amount of the total land has so passed in the last 20 years?
 4. If the land is so passing, is cultivation becoming less efficient?
 5. How much of the total debt in the village is secured by registered mortgage on the land?

*We should be very glad to have your report in as soon as as you can send it, and in any case before the beginning of December. If you can manage to survey more than one village, we shall be very glad to have two or more reports.

IV.—Questionnaire for Postal Officials:

1. What do the *raiyats* and the other people of your area do with their occasional and permanent savings? Do they hoard them or buy ornaments or put them in the local Co-operative Society or in your Post Office Savings Bank or buy postal Cash Certificates or buy more land or engage in trade and money-lending, or use their savings in any other way? If they put them to all these uses, in what proportions are they utilised for each of them?

2. What is the average amount of Savings Bank, Cash Certificates, money order, insurance and V. P. P. business done by your Post Office in a year? Does it tend to increase or decrease? What classes of people transact such business with you and in what proportions? What is the total amount of Cash Certificates sold through your office and the total amount of deposits in your Savings Bank account? How does your Savings Bank and Cash Certificate business compare with investment in land and money-lending in your area as regards (a) security, (b) convenience and (c) rate of return?

3. Are the advantages of your Cash Certificates and Savings Bank business sufficiently known to the public in your area? If not what methods would you suggest to make them better known? If there is some inconvenience, vexation or delay felt by the public in respect of these transactions how can it be minimised? What further facilities would you suggest to make this class of business more popular?

4. Can your Post Office undertake with advantage to the public additional duties such as (i) sale of Government securities, (ii) serving as a safe deposit for valuables such as gold, silver, jewellery and documents, (iii) opening current accounts bearing no interest or nominal rate of interest withdrawable by cheque for approved customers such as licensed or registered *mahajans*? Can you suggest any other similar business which the Post Office can undertake with advantage?

5. Is it your experience that your office has generally a surplus of money which is transmitted either directly or indirectly through money order payments to headquarters, under standing orders of your department? If so, are you in favour of lending out under suitable safeguards and limitations, e.g., control from headquarters and with adequate security, this money to licensed or registered *mahajans*, with a view to provide money for agriculture, small scale trade and industries thereby tending to lower the rate of interest? Are you also in favour of lending this money, under similar limitations and safeguards, to the public against the security of gold, silver and jewellery and against safe deposit receipts for such articles? If so, what safeguards, restrictions and control would you suggest?

V.—Questionnaire for Central Co-operative Banks.

[It is requested that answers to this questionnaire may be supplied to the Secretary of the Bihar and Orissa Provincial Banking Enquiry not later than the 30th November 1929. His address will be C/o. the Under-Secretary, Finance Department, Patna. It is also requested that the replies may be typed in duplicate, and that each question may be answered on a separate sheet of paper, one side only being used. Each sheet should bear the name of the Bank.]

I. RELATIONS OF THE CENTRAL BANK WITH AFFILIATED RURAL CREDIT SOCIETIES.

1. (a) Does the Central Bank in granting loans to societies distinguish clearly between short-term and long-term loans? If so, what number of years is taken as the dividing line? What proportions of the loans granted to rural credit societies in the last three years are recoverable in *kists* terminating in the period regarded as "short term"? What is the longest period over which repayment is spread?

(b) Whether any such distinction is observed or not, please state the amount of outstanding loans to rural credit societies repayable—

(i) in 1929,

(ii) in 1930,

(iii) in 1931,

(iv) in the years 1932-38,

(v) after 1938.

(c) If any revision of the *kists* for repayment of loans by societies to the Central Bank has been approved during the last three years, please state the result of the revision in the following form:—

	Amount due in the year of revision.	Amount due in the first year after revision.	Amount due in the second year after revision.	Amount due in subsequent year.
	Rs.	Rs.	Rs.	Rs.
Before revision
After revision

2. Have any loans been granted during the last three years by the Central Bank to rural credit societies expressly for (i) repayment of old debts, including redemption of mortgage land, or (ii) improvements

of land? If so, what are the usual periods of repayment for each class?

3. What proportion of loans due for repayment to the Central Bank in the year by rural credit societies has actually been repaid in each of the last three years?

II. RELATIONS OF THE RURAL CREDIT SOCIETIES WITH THEIR MEMBERS

4. Please state (if possible for each of the last three years) the purposes for which loans have been granted by the rural credit societies to their members, noting against each purpose the total amount lent. Is the information so given, which has presumably been collected from the Secretaries of the individual societies reasonably accurate? What items are likely to be inaccurate?

5. (a) Are the rural credit societies ordinarily in a position to lend to their members enough for their short-term needs, or do the members have to resort to the money-lenders for this purpose? Do the societies rely mainly on the Central Bank for funds for this purpose or have they got resources of their own? What are those resources, if any?

(b) What is the position in regard to loans for other purposes than those met by short term loans?

6. What proportion of loans due for repayment to the rural credit societies in the year by their members has actually been repaid in each of the last three years?

III. POSITION OF MEMBERS.

7. Can you offer any evidence of the increase or decrease of indebtedness among members of rural credit societies and of its increase or decrease among non-members in the same period?

IV. RELATION OF THE CENTRAL BANK WITH SOCIETIES OTHER THAN RURAL CREDIT SOCIETIES.

8. What other societies are affiliated to the Central Bank besides rural credit societies? Please state for each the number of members, its purpose, and its present financial position?

9. Have any such societies been liquidated during the last five years?

10. Is the Central Bank's own financial position in any way embarrassed by its connection with such societies? What proportion of the outstanding indebtedness from all classes of societies to the Central Bank is due from societies other than rural credit societies?

V. FINANCE.

11. Please give details of the Central Bank's working capital as it stood on 31st December 1928 in the following form:—

- (1) Paid up share capital.
- (2) Deposits.

- (3) Other borrowings.
- (4) Reserve Fund.
- (5) Other Funds.
- (6) Undistributed profits.
- (7) Miscellaneous.

12. Please give further details of deposits in the following form :—

A.—By primary societies :—

(i) On call, i.e., current accounts, savings bank accounts reserve and other funds of primary societies.

(ii) On fixed periods—

1 year.

2 years.

3 years.

More than 3 years.

B.—By individuals :—

(i) On call, i.e., current and savings bank accounts.

(ii) On fixed periods—

1 year.

2 years.

3 years.

More than 3 years.

Is there any restriction on the individuals, who can deposit, e.g., to persons who are shareholders or who reside in the area of the Bank's activity?

13. Please give further details of " Other borrowings ".

14. What are the liquid resources of the Central Bank for (i) normal requirements and (ii) sudden emergencies? What proportion do they bear to the total assets of the Bank? Have any emergencies occurred, and, if so, how have they been met?

15. What are the rates of interest paid by the Central Bank on the various kinds of deposit and on " other borrowings " ?

16. Has the Central Bank more money on deposit than it can profitably employ? If so, what steps have recently been taken or are in contemplation to remedy the position, either by expanding business or by reducing the rate of interest? Is there any ground for believing that reduction in the rate of interest will cause excessive withdrawal of deposits?

17. At what rate of interest does the Bank lend to (i) rural credit societies, (ii) other classes of societies affiliated to it? Please state if there are any exceptional rates, e.g., for societies grouped under a guarantee union or for land improvement.

18. At what rates of interest do primary rural credit societies lend to their members?

19. Do the Central Bank and the rural credit societies insist on collateral security for all or any classes of loan to members? What proportion of the total debt due to primary rural credit societies is backed by such security? Has the proportion shown a tendency to increase in recent years?

20. Do the rural credit societies experience any difficulty in enforcing their claims against members? In what circumstances does the mahajan come to have a prior claim to the society on the assets of a member?

21. How is transmission of funds (i) between the Central Bank and the primary societies and (ii) between the Provincial Bank and the Central Bank arranged? How is interest on deposits, dividends, etc., paid by the Central Bank?

22. What dividends has the Central Bank declared on share capital during the last three years?

23. Does the Central Bank engage in any other banking activities, besides financing its affiliated societies, e.g., discounting bills of exchange? If so, please give a detailed account of such activities.

VI. GENERAL.

24. Please state the year in which the Central Bank was founded and the total number of affiliated societies and of their members on 31st December 1928.

25. To what classes do the present directors belong, e.g., professional gentlemen of the town in which the Bank is situated or representatives of the rural societies? Have the latter any real influence on the general policy or the detailed working of the Bank.

26. Please note any special features of the Central Bank.

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