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Preface

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The Bengal Agricultural Debtors Act was passed in 1935 before the inauguration of provincial autonomy. The Act was to provide for the relief of indebtedness of agricultural debtors in Bengal whose debts amounted to more than one hundred crores of rupees. Various defects in the Bill were pointed out when it was under discussion in the Bengal Legislative Council. There was general agreement that some means should be found to relieve the indebtedness of the agricultural population. It was however pointed out by the critics of the Bill that its principles were unsound and many of its provisions were too wide and vague. The Government was warned that the bill if passed would wreck the whole system of rural credit since the Government were not giving any financial help or creating rural credit organisations. The defect in the definition of 'debtor', it was pointed out, offered a loophole for persons who were not agriculturists and tenure holders, and others would take advantage of the law to defeat the claims of their creditors. The difficulty in creating Debt Settlement Boards of the right type in the rural area was anticipated as also the dangers from vesting enormous powers in the hands of the Debt Settlement Boards. The palpably unjust discrimination that was made between the debtor and the creditor in regard to procedure was also criticised. The member in-charge of the Bill, now the Home Minister, was however adamant and almost all the amendments moved from the side of the opposition were defeated. As to many of the criticisms levelled against the Bill, the member in-charge, Hon'ble Khwaja Sir Nazimuddin, promised that rules would be framed under the Act which would meet most of the objections. Certain rules were framed and issued as "The Bengal Agricultural Debtors Rules, 1936". But these rules did not at all seek to fill up the lacuna or remedy the defects in the Act. The result has been that the Agricultural Debtors Act has proved a remedy worse than the disease. In the following pages an endeavour has been made to indicate how the Act and the Debt Settlement Boards created under the Act have, while seriously injuring the interests of creditors of all classes including the Loan Companies have conferred no benefit worth the name on the bonafide agricultural debtors. On the other hand, the Debt Settlement Boards have, by ousting the jurisdiction of the civil courts, created an extraordinary situation. In several cases that came before the Hon'ble Judges of the Calcutta High Court, their lordships have pointed out the serious defects in the Agricultural Debtors Act and in one case

involving a claim of over twenty-six thousand rupees, the Chief Justice observed :

"It seems clear that the Bengal Debt Settlement Act in its present shape is likely to entail consequences of a fantastic description which obviously could not have been fully realised or even dimly foreseen when the Act was drafted or when it was passed into law."

The Government of Bengal do not appear to have taken notice of this and similar other observations of their Lordships. They have on the contrary decided that they would more than double the existing number of Boards till every union in every "thana" in the Province had at least one Board.

Space does not permit a full review of the operations of the Debt Settlement Boards or even a mention of the numberless cases of the injustice and of malpractice that have been brought to the notice of the All Bengal Loan Companies Association and by the Association to the notice of the Government.

In this brochure I have not confined myself to the criticism of the B. A. D. Act and the Debt Settlement Boards. My object has been mainly to indicate how the Bengal Loan Companies whose number is more than 800, already hard hit by trade depression and the phenomenal fall in the prices of agricultural products, are receiving their death blow at the hands of the so-called Debt Settlement Boards. The Loan Companies have been largely instrumental in rescuing the agricultural population from the hands of the rural mahajan during three quarters of a century, that they have thrived as Bengal's peculiar indigenous rural credit organisations. The Government will be guilty of betraying a sacred trust if they allow these institutions to die ; for even now they are the principal credit organisations in rural Bengal and hold as deposit the savings of a considerable number of the lower middle and upper agricultural classes of the province. Crores of rupees are involved and what is more, the confidence of the people in non-official Banks and Companies is terribly shaken. If these pages succeed in creating public interest and making the Government realise their responsibility, I shall consider myself amply compensated for the trouble undertaken for a cause I consider to be great. The materials have been gathered mostly from articles published in newspapers contributed from time to time by persons who have first-hand knowledge of the subject. If many of the articles are mine there are others also from the pen of experts

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