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TRENDS IN PEASANT INDEBTEDNESS  
AND DISPOSSESSION : WEST BENGAL  
DISTRICTS (1901 - 41)

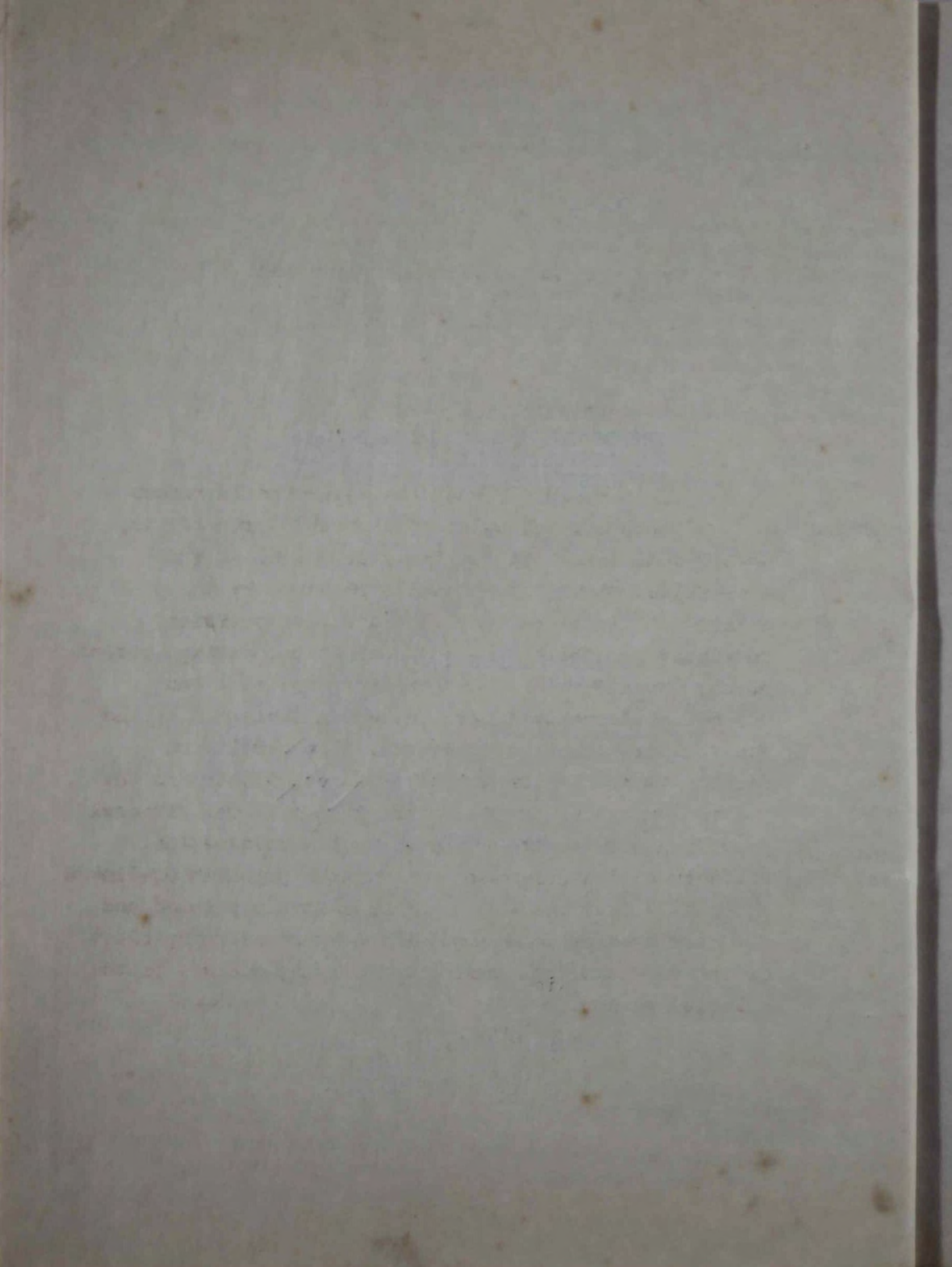
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Abstract

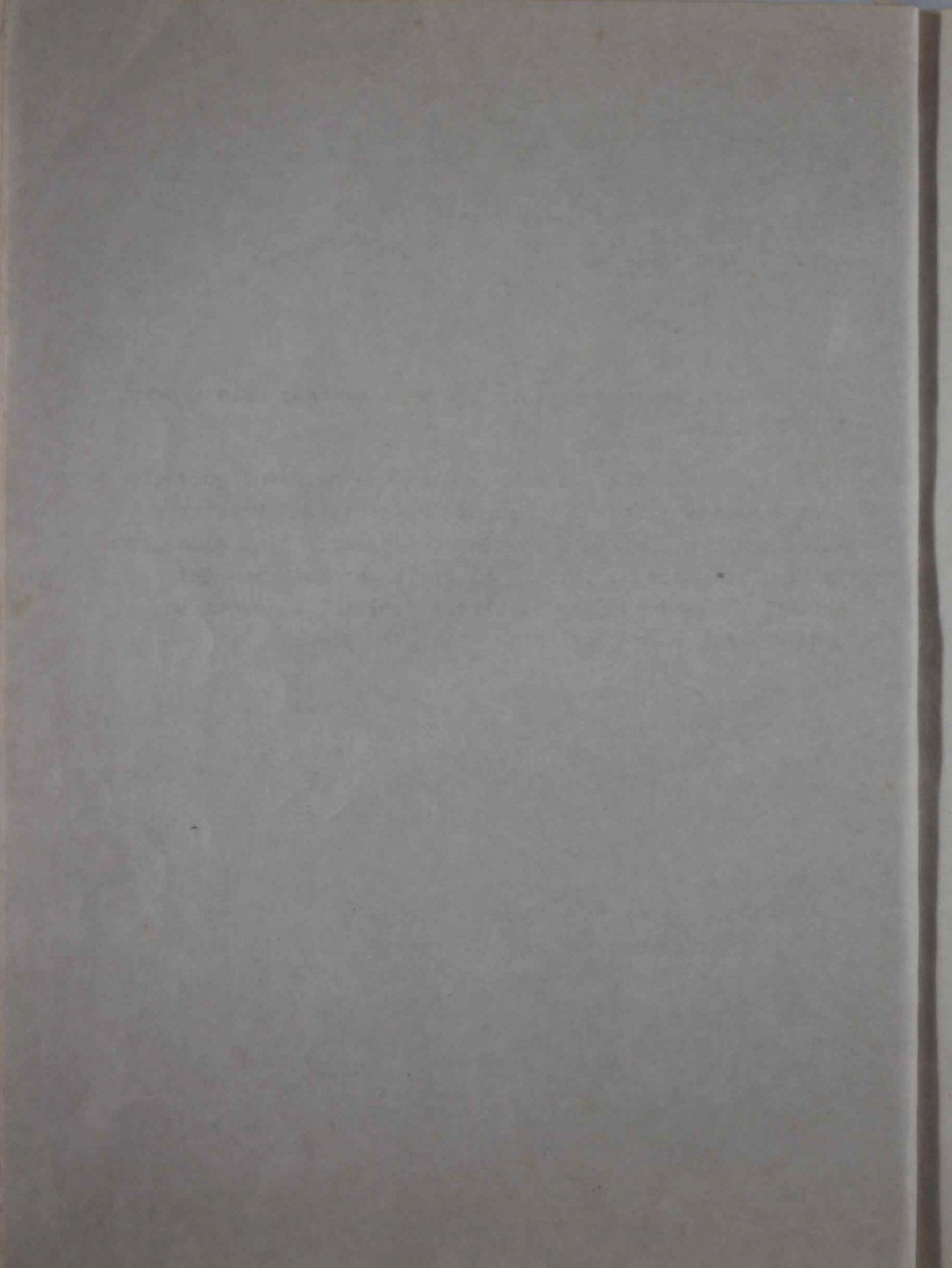
Trends in Peasant Indebtedness and  
Dispossession : West Bengal  
Districts (1901-41)

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Manoj Kumar Sanyal

This paper sets out the estimates of trends in the mortgages and sales of immovable property in West Bengal districts for the period 1903-41 and sub-periods within it. Results obtained by the estimations indicate that debt and dispossession continued to afflict the peasants throughout the period of our investigation. Contemporary official and non-official observations, called in Section I of the paper, corroborate the findings. The concluding Section traces the impact of legal enactments and the depression on the credit market in the 1930s. It would provide a clue to the study as to how cultivation, trade in grains and usury - the three major inter-linked areas of activities - were simultaneously pursued and directed towards land acquisition by an emerging class of jotedar-landlords during the closing decades of the colonial period.







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and directed towards land acquisition by an emerging class of jotedar-landlord during the closing decades of the colonial period.

Estimates of agricultural indebtedness for the period of our investigation were obviously scanty. In the first decade of the twentieth century some members of the Indian Civil Service investigated the economic conditions of the Bengal peasantry. J.C. Jack made a pioneering survey on the economic life of a Bengal district, namely, Faridpur between the year 1906 and 1910.<sup>1</sup> The average amount of debt per agricultural family was estimated to be Rs.55.00 and per head of such family Rs.10.00. Fifty per cent of the cultivating families had been free from debt. [Jack: 1916, p.155\_7

Around the same time M.C. Mc Alpin made an enquiry into the extent of debt servitude and loss of land of the Sonthals and gave an excellent account of their dispossession in the districts of Birbhum, Bankura and Midnapore and North Balasore. He referred to the report of the District Sub-Registrar of Birbhum to indicate that 60 per cent of the private sales of land in Rampurhat Sub-division were on account of previous debts. The price at which the Sonthals usually sold their land was very low. The mahajan could fix any price he preferred and it generally varied between Rs.10.00 and Rs. 20.00 per bigha. [Mc Alpin: 1909, pp.24-25\_7 In its reference to the expropriative role of mahajans in the Rampurhat sub-division



in the district of Birbhum, Mc Alpin Report indicated :

"In villages like Dharpur, Karangdih and Debdattapur where the proprietor is also a mahajan, the degree of dispossession is very large, and the Sonthals are practically servants of the mahajan proprietors. Dharpur and Debdattapur are closer to the market town Rampurhat than other villages. It is in such villages that are nearer the mahajan's head-quarters that the most dispossession is to be found".<sup>2</sup>

McAlpin also observed that the disintegration of the village system and the mahajan's pervasiveness led to Sonthals' loss of land. He noted that a 'broken village' always denoted 'a more advanced state of dispossession'. The degree of dispossession was found to be the greatest in areas like the south-west of Bankura or the north-west of Midnapore, where mahajans had been able to secure the headman's right. [ Ibid. p.37 ]

The Bengal Board of Economic Enquiry ( B B E E ),  
Bulletin, District Bankura observed,

"Mr. McAlpin's Report of 1909 regarding indebtedness of aboriginal tribes in the district is more or less applicable to agricultural populations as a whole".  
[ Bankura, 1935, part II, p.8 ]

While discussing loss of lands and indebtedness in Bankura McAlpin commented,

"as in Birbhum every raiyat has a running account with one mahajan or several mahajans for grains or for domestic purposes. This indebtedness



is a first stage leading to the transfer of his land and only ceases when he has lost all his land. One characteristic is the large number of simple bonds executed in the south-west. Mortgages are very frequent, in the majority of cases they lead to sales of mortgaged lands". [Mc Alpin : p. 30.]

L.S.S.O' Malley in his Memorandum observed that the first decade of the century was a 'period of fair agricultural prosperity in Bengal'. He observed further that a number of districts suffered from scarcity and rise of price which began in 1906 and continued throughout 1907 and 1908. Distress during these years was found to be most acute in the districts of Bankura and Nadia in Bengal. East and north Bengal had been observed as the 'most progressive parts of the Presidency', whereas least advance was noticed in central and west Bengal. [O' Malley: 1912, Pp.1-6.]

As regards the impacts of the sharp rise in prices, O' Malley observed,

"the cultivators, being able to dispose of their produce at better prices, were benefited by the rise". [Ibid. P.6.]

K.L. Datta's Report on the Enquiry into the Rise of Prices and Wages, however, indicated,

"witnesses were also unanimous in saying that except in some tracts where the agriculturists are peculiarly advantageously placed they are indebted now as they were before, if not more". 3



The district Survey and Settlement Reports ( S S R ) made important observations on the general economic conditions of the peasantry and agricultural indebtedness. No extensive household survey was, however, made by the settlement authorities to generate data on indebtedness. In pointing out the limitations of the settlement data on indebtedness, B B E E Bulletin, District Bankura indicated,

"the number of families surveyed is very small and it is not known how they were selected; this makes it theoretically difficult to compare the results with those of other enquiries". [BBEE : 1935, Part II, P.9\_7]

The district S S Rs, however, provide enough qualitative evidence regarding the general economic conditions of the agriculturists. The relevant sections of the reports are noted below.<sup>4</sup>

The Burdwan S S R pointed out that the depression of the early 1930s increased the number of those who were in debt. [1940, P.17\_7] The settlement authorities made an enquiry into the debt situation in the Memary police station areas. The findings are as below : 72 per cent of all families were in debt and almost all of the indebted families were in debt before 1931. Over two-thirds of the total principal debt was found to be incurred before 1931. In almost every case there was interest outstanding and in most cases the proportion was considerable. It amounted to more than one-fifths of the principal. Only 3 of the indebted families were considered to be <sup>in</sup> a solvent condition. There was interest outstanding in every case. The report mentioned that all this happened



in an area which obtained irrigation facilities from the Eden Canal. [Ibid. P.17]

The Birbhum S S R gives a vivid account of the economic condition of the agricultural population, although no attempt was made to estimate the burden of debt. The entire agricultural population in the district was divided into three groups of families. The first group of families owned enough land to generate income which was sufficient to meet the whole of their annual expenditure. The size of holdings owned by the second group of families had been just enough to yield income to cover about 10 months' expenditure. The size of holdings belonging to the third group could generate income for 6 to 10 months' subsistence. Borrowing, as it appears from the report, had been more or less an on-going process for the last two groups of families. As soon as the aman crop was harvested interests on loans contracted by the last two groups of families in the previous year were collected by the mahajan and what was left in terms of paddy served the members of these two groups between 6 to 10 months. [1937, P.83]

The subsequent course of events, as narrated in the report, was as below :

" .... then the raiyat goes to the mahajan and borrows again for the subsistence of the family till the next crop is harvested. When the next crop is harvested the cycle recommences as in the previous year".  
[Ibid. P.83]



A break in the cycle occurred when with failure of rains shortage came earlier and a large percentage of families than usual was to be found in debt. Rains failed over a large tract of the district twice during the settlement operations. The report traced the impact of the failure in the following terms :

"There was no money for a normal villager, the stock was exhausted. He went to the mahajan but the mahajan held back his hands. He saw the prospects of the crops uncertain. His capital as well as interest lent out before remained unrealised. The rates of interest went up. Inevitable as a result of the forces at work the burden of debt increased and the position was rendered worse than before". [Ibid, P.83\_7]

The Birbhum S S R invariably leaves an impression that a bulk of the peasant households in the district had been in deficit in terms of paddy balance and became the victims of usury, but the report also observed quite discordantly that the burden of debt was not at all heavy. The latter observation is based on a mere guess of the amount of debt culminating in transfer of property ( viz., land ) title by court decree. In putting the figures of total amount of such transfer in a year at Rs. 6 lakhs, the settlement authorities relied on the relevant figures for the year 1931 which was nearly the same. The total amount of 'difficult debt' was found to be a little over 2 per cent of the value of paddy produced annually. [Ibid. P.73\_7] The figures of the registered sale transactions of occupancy rights in 1931 were also taken into account in



making the observation. It was found that the area sold in 1931 was about 0.70 per cent of the total area held by the raiyat with the right of occupancy, and the S S R observed, 'if, indebtedness was really heavy this would have been certainly otherwise'. [Ibid. P.73.] The reference year, 1931, is marked by the onset of the slump which, as we shall see later, <sup>reduced</sup> severely the sales of land and the situation in the year should not, therefore, be taken to represent the sales behaviour in normal times.<sup>5</sup>

During the settlement operations of 1917 - 24 in the district of Bankura no regular 'house-to-house enquiry' into the household budget was undertaken. F.W. Robertson, the Settlement Officer of Bankura, put the reason for not holding any such enquiry in following terms :

"Other settlement officers have calculated in terms of money the average yearly income and expenditure of the cultivator. I have thought that any attempt of this kind in the case of Bankura would be misleading. The ordinary cultivator does not handle money. He seldom hires labourers, he cultivates his land himself with the aid of the members of his family. What articles he requires to purchase he purchases with the rice which he grows, his rent also he pays by the sale of rice." [GOB: SSR Bankura : 1926, Pp.21-22.]

'Careful enquiries' into income, expenditure and debt for 12 families were, however, made as 'test cases'. The net



income per sample family per annum was estimated to be Rs.351.42 whereas the estimated expenditure per such family was put at Rs.370.73. The estimated figure of debt per sample family stood at Rs.205.38 and the amount of annual interest of debt per family was shown to be Rs.33.09.<sup>6</sup>

The Settlement Officer observed further that indebtedness was general among the cultivating classes and few were free from the burden. [Ibid.P.19] He cited a district collector's evidence, which was recorded in 1920, to show the plight of an average cultivator in the district :

"He (the average cultivator) hands over the greater part of his harvest to his mahajan to meet existing obligations and, as he is usually unable to maintain himself with the balance till the next harvest, he was to borrow again a few months after. He pursues his career of borrowing and repaying from year's end to year's end, always adding to his burden and never making any advance towards release." [Ibid. P.17]

The peasant indebtedness in the district of Bankura, according to the settlement authorities, did not originate from any high incidence of rent which the cultivators had to pay. The rate of rent was stated to be low in comparison with the value of the produce of the land.<sup>7</sup> The real cause of indebtedness, according to the report, was to be found in the cultivator's inability to generate surplus in terms of production. Referring to the situation the S S R stated,



"with so narrow a margin even in a normal year it is inevitable that sooner or later he must borrow paddy for food and seed".

[Ibid. P.20\_7

The typical cultivator's extreme vulnerability to fluctuations in production would, therefore, make an easy prey for the usurer. The inevitable result of his involvement in usury was that his holding was sold up and it was usually resettled with him on a produce rent or a combined cash-and-produce rent. The best lands were found to be retained by the purchaser. The settlement authorities came up with an excellent account of the situation where the typical cultivator was trapped in an on-going process of borrowing and pushed back to the level of subsistence :

"Deprived of the best of his lands, and faced with the payment of a doubled or trebled rent for the inferior lands which remain to him, he must fall again into the clutches of the mahajan. He then becomes little more than the serf of the money-landers to whom he pays yearly the bulk of his crop, partly as rent and partly as interest on his loan, and even in a good year retains barely enough for subsistence and that of his family". [Ibid. P. 20\_7

In summing up the situation, the SSR report stated that 'the gradual acquisition by mahajans and middlemen of the most fertile lands' and 'the gradual replacing of comparatively low money rents by excessively high produce rents' were the two main factors responsible for all the trouble in the district:

[Ibid. P.20\_7



The Midnapore S S R furnishes data on income and debt of the agriculturists. The debt per head of the agricultural population in the district was estimated to be around Rs.2.25. The agriculturists' average annual debt secured by the registered instruments was 4.7 per cent of their average annual income which was estimated to be Rs.48.00. 9 per cent of the population in the district was found to be heavily indebted. [1918, P.112] The estimate of debt seems to be based primarily on the registration figures.<sup>8</sup> No economic enquiry was made to generate the data.

The overall debt burden, as the S S R claimed, was not at all 'crushing'. [Ibid.P.112] This idea was derived from the registration figures of civil suits for the last three years of settlement operations. It was observed that even if the total amount sued for in money and mortgage suits was debited to the agricultural population, it would have been less than Rs.1.00 per head. The proportion of the amount sued for the total capital value was also found to be 'very small', since each of the agriculturists held about 1 acre of land and the value per acre was Rs. 110.00. [Ibid.P.112] The S S R indicated in this connection that the observations made by the Famine Commission that one-third of the cultivating classes were deeply and inextricably in debt and a third in debt, though not inextricably, was an overstatement for this district. [Ibid.P.112]

Although the overall burden of debt, was not 'crushing' the indebted peasant always had to face the risk of being alienated from his land. The settlement authorities observed in this connection,



".....when a raiyat gets into debt one of two things is almost sure to follow, either he sells part of his land or he mortgages it or his movable property, and if he is unable to pay off the mortgage sooner or latter he is likely to find himself in court, more particularly in a country like Bengal where litigation is almost a normal part of existence". [Ibid.P.111.] 7

The data on the sales of occupancy holdings, furnished in the SSR indicate the number of holdings sold to different classes of people in the district, viz., landlords, lawyers, money-lenders and raiyats. Other Raiyats were the purchasers of 87.54 percent of the total number of occupancy holdings. Money-lenders — the second largest group of buyers — were responsible for 10.64 per cent of the total volume of purchase. The rest of the classes, viz., landlords and lawyers, accounted for 1.41 per cent/<sup>and 0.41 per cent</sup> of the transfer of occupancy holdings.<sup>9</sup> Thus a section of the peasantry in the district had already outstripped the landlords and money-lenders in terms of land acquisition long before the amended Bengal Tenancy Act of 1928 liberalised the transfer of occupancy holdings.

The predominance of the raiyats as purchasers of as indicated by the occupancy holdings, emanated primarily from their usurious activities. The SSR figures of the mortgaged areas (of occupancy holdings) held by the different occupational classes involved in money-lending clearly suggest that the raiyats in Midnapore were far ahead of the landlords, money-



lenders and lawyers ( or those in service ) in terms of usurious activities. The raiyats held 69.86 per cent of the mortgaged areas of occupancy holdings, whereas the money-lenders, landlords and the lawyers (or those in service) held 24.16, 3.64 and 2.33 percentages, respectively, of the areas.<sup>10</sup>

The Hooghly SSR noted a great change for the worse since 1907-08 when the Board of Revenue in their Administration Report observed that the cultivators were maintaining 'a high standard of comfort'. [1942, P.19] The settlement authorities' observations were based on the BBEE's Survey that yielded figures showing borrowings and repayments of debts in respect of a number of agricultural families in the district for the period 1931-33. [Ibid. P.19] The survey findings, as we shall see later, indicate the peasant dispossession and not of prosperity.

The settlement authorities in the district of Hooghly also made an enquiry during the year 1932-33 of the income, expenditure and outstanding debts of all the agricultural families found in the mauzas of Narayanpur and Kondevpur with a total area of 963.54 acres. Out of the total number of agricultural families viz., 48, in these areas only four families were found to be free of debt. The average amount of debt per agricultural family (including agricultural labourers) was estimated to be Rs.61.50.<sup>11</sup>

The economic enquiries made in course of the settlement operations in the district of Howrah during 1934-39 generated data on income, expenditure and debt per head per annum of the landed agricultural population of the district. The average



income and expenditure per head per annum were estimated to be about Rs.68.00 and Rs.65.00, respectively. The net income shown as the difference between income and expenditure was, <sup>therefore,</sup> put at about Rs.3.00.<sup>12</sup> Furthermore, the amount of indebtedness per head of the members of the sample families was estimated to be Rs.10.31. [Ibid.P.29] The results of the enquiries are, however, of doubtful validity because the sample base was quite small. The numbers of families and their members sampled were 9 and 62, respectively. [Ibid.P.29]

The SSR observed further that the district was in deficit in terms of its paddy production. The total yield of paddy for the district was estimated to be 36 lakh maunds per annum, whereas its total annual requirements were estimated to be 108 lakh maunds. To arrive at the total annual requirements of paddy, the figures of total population of the district were taken from the Census Report of 1931 and the annual requirements of rice per head were put at 7.5 maunds (620 lbs). One-third of the annual requirements in terms of paddy could, therefore, be met with the total yield of paddy in the district. [Ibid.P29] Since about 80 per cent of the total raiyati holdings of land in the district were less than an acre in area, the proportion of deficit in terms of paddy production of a typical household would have been far greater than what we obtain for the district as a whole. [Ibid. P.81] The report summed up the situation as below :

" The resisting power of the cultivator is so small that once the raiyat gets into debt, it is very difficult for him to get out of it. The crop he harvests are hardly sufficient to nourish him and his family and to meet the landlord's demands. There is no surplus to pay the interest and to pay the principal". [Ibid.P.30]



The Settlement Officer of the district of 24 Parganas in his final report held that ordinarily a cultivator was 'able to maintain himself and his family without running into debt.' [1936, P.26] Economic enquiries were conducted, although not quite extensively, to generate data on debt and standard of living of the agricultural population in the district. The debt per head of the agriculturists was put at Rs.23.00. 26 per cent of the population in the district were in comfort, 29 per cent above starvation and 7 per cent in starvation conditions 'owing to the unequal distribution of incomes'. [Ibid. P.23] The enquiries revealed that in some villages the annual income per head of the agriculturists was as low as Rs.35.00 whereas in others it was as high as Rs.125.00 to Rs.228.00. [Ibid. P.23] The enquiries, as the SSR indicated, were conducted before the depression of the 1930s. [Ibid. P.23]

The Nadia SSR pointed out that the cultivators in the district were better off than the cultivators of any other district, although they were found to be 'physically weak and lacking in stamina'. [1928, P.25] It was also stated that more land was brought under cultivation in response to the rise in prices and the cost of living in the post-first world war years. The SSR puts the proportion of cultivators to labourers, as 4:1 in Nadia against 5:1 in Bengal. [Ibid.P.27] To account for the lower proportion of cultivators to labourers in Nadia, the settlement authorities stated,

" this is due originally to provide labour to the indigo industry, a good many of whom have not acquired land of their own, and



to the amount for labour on the part of the small bhadrakok who cultivates the land himself". [Ibid. P.27]

In course of survey and settlement operations in the district of Murshidabad no economic enquiry was made to estimate indebtedness. The SSR observed that one-sixths of the population in the district had been involved in debt through mortgages and cooperative banks. [1938, Pp.138-139] As regards the debt liabilities of the remaining portion of the population, the SSR stated that no statistics were available. [Ibid. P.139] Over 60 per cent of the holdings were found to continue in the same family, in possession of heirs entitled to inheritance by law. The settlement authorities cited this fact in favour of their contention that the burden of debt in the district was not heavy. [Ibid. P.139] But this contention is not in congruity with the figures of debt furnished in the SSR. The volume of debt per person, as indicated by the figures, seems to be higher than in other districts. The debt figures for the district were drawn from the mortgage statistics furnished by the Registration department. [Ibid. P.138] In estimating the volume of debt per person it was assumed that the mortgages contracted between 1926 and 1931 remained unredeemed and that on the average three persons were involved in one mortgage deed. The number of persons involved in mortgages during the period would, therefore, be 226242. The aggregate value of mortgages for this period was Rs.1,13,74,553/-. The debt per person would, therefore, stand at Rs.50.00. [Ibid. P.138] The SSR also observed that the amounts under mortgage fluctuated in accordance with the fluctuations in prices. The prices were stated to be the highest in the years 1927, 1928 and 1929 and the amounts under



mortgages were correspondingly on the increase. A fall in prices in 1930 and 1931, on the other hand, brought about a marked fall in the amounts under mortgages. [Ibid.P.138]

The Dinajpur SSP gave an exhaustive account of agricultural indebtedness in the district. Enquiries were made to stratify families by classes of comfort, to estimate the burden of debt in terms of its nominal value and to relate the latter to the size of holding. The investigation spread over all the years from 1935 to 1938. But no meaningful conclusions as regards changes in economic conditions and debt situation in the district over the period can be drawn because sets of sample villages (or the areas from which the samples were drawn) and the sample sizes as well were made to vary from year to year. The sampling regions were divided into four blocks, viz. A, B, C, and D indicating east (mostly villages in the south-east), north, south and west of the district.<sup>13</sup>

Table I shows economic classification of sample families. Since size of families for each sample varies, the persons belonging to the sample families have been classified along with the classification of families.

The percentages of families and persons belonging to 'below comfort' class, as it appears from Table I, had been fairly high in all the regions of the district whereas the class of families and persons in starvation seems to be low in blocks A and C but high in blocks B and D, located in the north and west of the district.



Table 1

Economic Classification of Families : in Dinajpur

Block	Year	Total Villages	No. of Sample Families	(a)		(b)		(c)		(d)		
				(i)	(ii)	(i)	(ii)	(i)	(ii)	(i)	(ii)	
A	1935	11	319	1,930	31.03	38.39	61.44	54.30	3.76	4.09	3.76	3.21
B	1936	19	495	3,179	20.40	28.00	40.40	40.11	24.65	20.23	14.55	11.67
C	1937	18	474	2,883	40.08	44.88	46.84	44.68	9.91	8.12	3.16	2.32
D	1938	15	437	2,381	22.43	27.76	26.77	25.75	35.24	33.84	15.56	12.60

Source : Dinajpur SSR, Table IV, P.19.



Table 2. presents the incidence of indebtedness for the different sampling regions in the district.

Table 2

Incidence of Indebtedness : Dinajpur

Block	Average debt per family		Average debt per head		Average debt per indebted family		Average debt per head of indebted family	
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
A	119.00		19.62		246.00		35.44	
B	95.00		15.06		203.00		27.94	
C	101.00		17.00		202.00		31.37	
D	42.00		8.81		115.00		18.50	

Source : Dinajpur SSR, Table VIII, P.27.

The nominal value of debt per family and per head as well seem to be the highest in Block A which consisted of villages mostly in Phulbari, Nawabganj and Goraghat police stations. The debt per indebted family and person had been the highest in the region. The incidence of debt in terms of its money value appears to be the lowest in D block. It is interesting to note in this connection that 'special enquiries' into the "derhi" system of grain loans in this block were held in 1937-38 by the settlement authorities (the main findings of the enquiries are detailed later) and it was established that there had been an atrophy of cash credit which was largely replaced by grain loans. [ G.O.B: Dinajpur SSR: 1942, P.25\_7



The settlement authorities, <sup>Observed</sup> that most borrowing was done before the break <sup>in prices</sup> in 1931 and even before the passage of the Bengal Agricultural Debtor's Act there had been a 'partial moratorium' on credit in the countryside. [Ibid.P.24\_7] The moneylenders who were found to be 'preeminently richer cultivators or jotedars' ceased to make advances in cash and switched to lending in grains in the thirties.<sup>14</sup> As it has been referred to above, the settlement authorities made 'special enquiries' into the operation of the "derhi" system of grain loans in Block D in 1937-38. The Debt Settlement Boards, as the report indicated, were well established by this time in the district and 'the cry had been raised that credit had dried up'. [Ibid.P.25\_7] The enquiries, as the settlement authorities claimed, suggested that credit had 'certainly not dried up', but cash loans were largely replaced by grain loans. The relevant details of the investigation are as below.

Enquiries were made in 15 villages distributed in 5 thanas of the west of the district. Out of a total of 504 sample families, 156 families were found to have contracted "derhi" loans in grains. Forty two per cent of the indebted families held more land in 'adhi' than in tenancy right. Twenty nine per cent of these indebted families held less than one acre of land in tenancy right. The indebted families were reported to have borrowed from 99 different creditors. All except three of these creditors were described as jotedars or creditors and only one quarter of the lender were the jotedars (i.e. landlords) of their 'adhiar' debtors. [Ibid. P.25\_7]



Table 3 sets out the findings of the settlement enquiries into the relationship between indebtedness and size of holding in the district of Dinajpur.

Table 3

Indebtedness and Size of Holding : Dinajpur

Block	Year		Percentage of families holding			
			Over 10 acres	5-10 acres	1-5 acres	Under 1 acre
A	1935	Indebted	29.87	19.48	42.21	8.44
		Debt free	12.12	13.33	36.97	37.58
B	1936	Indebted	22.77	30.80	41.07	5.36
		Debt free	14.01	18.68	51.36	15.95
C	1937	Indebted	18.35	32.28	34.81	14.56
		Debt free	12.50	14.38	31.25	40.63
D	1938	Indebted	16.48	22.53	35.16	25.42
		Debt free	16.47	15.69	33.73	34.12

Source : Dinajpur SSR, Table X, P.28.

From table 3 we see that the concentration of both indebted and debt-free families was highest for in case of the group holding between 1 and 5 acres of land. The percentages of indebted families were lowest for the group holding less than 1 acre with the lone exception of block D where the percentage of the indebted families owning less than 1 acre to the total was higher than those of families holding over 5 acres and over



10 acres of land. The association between the size-class distributions of landholding and indebtedness in the district, therefore, seems to be more or less indifferent.<sup>15</sup>

The settlement authorities in Jalpaiguri made no attempt to estimate debt in the district. The district SSR, however, furnished statistics of mortgages during 10 years preceding the year of attestation. These indicate that the occupancy raiyats contracting loans against mortgages of land accounted for 13.11 per cent of the total number of mortgages and 21.14 per cent of the total areas covered by mortgages. [1919, Pp. XX\_7] The SSR also presents a statement of data relating to total number and areas (both in terms of entire jote or interest and fractional portion of jote or interest) transferred during the ten years preceding the year of attestation. The most interesting set of figures presented in the statement relate to the number of transfers to the different classes of purchasers, e.g., jotedar, chukanidars, mahajans, lawyers, etc. Of the total number of transfers, 61.14 per cent were bought by the jotedars, 23.06 per cent by the Chukanidars and 11.49 per cent by the mahajans. [Ibid. P. XIX\_7]

The Malda SSR admitted that no attempt was made to obtain figures showing what proportion of debt was incurred for agricultural, and what for social reasons. Enquiries made in course of the settlement operations suggested that roughly three quarters of the agricultural population of the district were in a position to maintain themselves on their income without getting into debt. However, a great majority of them



were found to be in debt.<sup>16</sup> The settlement authorities merely guessed that more than half of the cultivators' debts were incurred for expenditure on social ceremonies. [Ibid. P.51] The report also observed that during the years of depression the sources of credit almost entirely dried up. [Ibid. P.51]

In 1929-30 the Bengal Provincial Banking Enquiry Committee (BPBEC) made a major attempt to estimate rural indebtedness. The Committee put the figure of total rural debt at Rs.100 crore, including Rs.6 Crore worth of paddy loans. [GOB: BPBEC : 1930, Vol.I, P. 65] The Ishaque Report pointed out that the B P B E C obtained rather a low figure of debt because it made its estimates in 1928 - 29, a year when Bengal was passing through a boom in jute prices.<sup>17</sup> The BPBEC's estimate was based on the sample of debts of the members of co-operative societies. Basing himself on the figures of registered mortgages per year, S.N. Sen made an independent estimate of total debt of Rs.212 crore for 1929-30 with a family average of Rs.240 as against Rs.160 estimated by the BPBEC.<sup>18</sup>

We cannot make much use of BPBEC's estimates in our study because district-wise estimates of debt are not given in its Report. Proportion of secured and unsecured loans were, however, shown district by district,<sup>19</sup> Facts about conditions of credit, interest rates, number of moneylenders per lakh of population and several evidence from the districts taken by the committee make the Report very useful for any study of the rural capital market in Bengal.



In identifying the causes of indebtedness B P B E C broke with the tradition of accusing the peasantry of their extravagant expenditure on social ceremonies and having a passion for litigation. It asserted,

"the average cultivator of Bengal has a very small holding and is so poor that he cannot carry on his cultivation without borrowing". [GOB:BPBEC:1930, Vol. I, P. 109] 7

The Report also gave an account of the situation because of which the peasantry had contracted loans :

"Paradoxical as it may seem, the real cause for improvidence is poverty ..... very little surplus is left to the Bengal agriculturist after meeting his bare necessities, so much so that it is difficult even for the necessary depreciation on capital, not to speak of specially unfavourable circumstances among men and cattle, absence of seasonal rainfall and unusually low prices of jute ..... In fact conditions are so uncertain that the agriculturist is compelled to discount his future income in any terms." 20

Another important attempt to estimate debt was made by the B B E E in the thirties. Its Preliminary Report indicated that 77% of the rural families were involved in debt. Among the indebted families 43 per cent owed less than 2 years' income, 17 per cent less than their 4 years' income and the remaining 17 per cent owed more than their 4 years' income. <sup>21</sup>



Table No. 4

Average Family Landholding, Income and Expenditure in Different Districts : Comparison of Averages of 1928 & 1933

Districts	No. of families enquired	Average No. of earners	Av. No. of dependents	Av. Family size	Av. family holding (acres)	1928 Average (Rupees)				1933 Average (Rupees)			
						Income	Expenditure	Surplus	Debt	Income	Expenditure	Surplus	Debt
Manikganj	490	1.80 +.04	4.32	6.12 +.16	6.06 +.16	272+8	276 + 8	-4	138 + 15	156+6	197+7	-41	210+13
Chittagong	252	2.39 +.07	4.04	6.43 +.15	7.09 +.47	238+10	197 + 6	-41	163 + 25	172+9	169+8	+3	102+16
Dhaka	258	2.25 +.08	4.33	6.58 +.18	8.04 +.59	146+6	267 + 10	-121	113 + 17	86+6	169+12	-83	244+17
Barisal	559	2.40 +.04	5.10	7.50 +.11	11.13+.25	228+16	238 + 15	-10	95 + 28	144+9	166+9	-22	187+29
Comilla	233	2.19 +.06	4.57	6.70 +.17	5.96 +.36	198+13	187 + 9	-11	52 + 15	132+8	142+8	-10	106+9
Chandernagore	394	2.35 +.06	4.73	7.08 +.16	12.03+.48	235+9	230 + 8	-4	105 + 20	141+6	103+6	-22	199+15
Faridkot	77	2.71 +.11	2.63	5.34 +.21	5.81+.52	48+6	49 + 6	-1	6 + 12	20+3	26+3	+3	11+3

Source : Government of Bengal, Commerce, Progs. 374B, File 2E/11/39, February 1939, Appendix I, Table 1.

Cited in S. Mukherjee, Commercialization of Agriculture in Eastern India, Table 14, P.265, in 'Perspectives in Social Science II, Centre for Studies in Social Sciences, Calcutta, 1982, Table 14.



In 1939 the BBEE submitted a more detailed statement of its estimates of income, expenditure and indebtedness of the sample rural families in the different districts of Bengal.<sup>22</sup> According to the BBEE's survey between 1928 and 1933 there had been a considerable fall in the average incomes and expenditure of rural families. Moreover, in terms of total deficit of the sample families the jute-growing districts of eastern and northern Bengal fared much worse than the predominately paddy growing districts of western and northern Bengal between the same years.<sup>23</sup> Table 4 presents those figures taken from the enquiry that are relevant to our reference districts. Data for the districts of Hooghly, Howrah, 24-Parganas, Dinajpur and Jalpaiguri are not available from the BBEE's report.

The income-debt ratio for the sample agricultural families in the selected districts of Bengal for 1928 and 1933 has been worked out on the basis of the BBEE's data shown in Table 4. ....  
...and the results are presented in Table 5 :

Table 5

	<u>Income-debt</u>	<u>ratio.</u>	<u>% change</u>
	1928	1933	
Burdwan	1.97	0.74	- 62.44
Birbhum	1.46	1.69	15.75
Bankura	1.29	0.35	- 72.87
Midnapore	2.40	0.77	- 67.92
Murshidabad	3.81	1.25	- 67.19
Nadia	2.34	0.71	- 69.66
Malda	8.00	1.82	- 77.25

Source : As for Table 4.



The income-debt ratio, as it appears from Table 5. took a dip in 1933 from its 1928 level in 6 out of 7 districts for which we obtain data from the BDEE source. The highest decline is observed for the district of Malda where the ratio fell by 77.25 per cent. The second largest decline as much as 72.87 per cent was witnessed in the district of Bankura. The rates of decline in the ratio varied between 62.44 per cent and 77.25 per cent, excepting Birbhum where it rose by 15.75 per cent.

The BBEE published a bulletin (referred to above) in 1935 giving a detailed account of the results of its survey on Bankura. This referred to income, expenditure and debts of 258 families of cash paying tenants with occupancy rights spread over 6 mouzas.<sup>24</sup> Major findings of the survey are obtained from its unpublished report referred to above (vide Table 4). The bulletin brought out further details of the debt position of the sample families with respect to their income and size of holdings. These data are presented in Tables 6 and 7.<sup>25</sup>

Table 6 shows debt in relation to income of the families surveyed and stratified into a number of classes. (The class identities are indicated in Column 1 of the table). From Table 6 we find that 37.2 per cent of the sample families owed over 4 years of their cash income. These families (Class C) formed the single largest group of indebted families accounting for 59.3 per cent of the total debt of the families surveyed. The second largest group of indebted families (Class A), accounting for 25.6 per cent of the families surveyed, held 21.5 per cent of the total debt. 17.4 per cent of the families were with debt



Table 6 :

Debt in relation to income of families surveyed in the district of Bankura (1934).

	Number of families surveyed	% in each Class	Total debt (Rs.)	Average debt per family (Rs.)	% of Total debt
Total families	258	100	62,907	244	100
Families with no debt (Class 'O')	51	19.8	Nil	Nil	Nil
Families with debt up to 2 years' cash income (Class 'A')	66	25.6	13,505	204	21.5
Families with debt up to 4 years' cash income (Class 'B')	45	17.4	12,097	269	19.2
Families with debt over 4 years' cash income (Class 'C')	96	37.2	37,305	389	59.3

Source : BBEE (1933-34) Bulletin, District Bankura, Table VIII, P. 16.

Note : While the Bulletin tabulates these data apparently for 1933, a study of the text reveals that the enquiry was made in 1934.



Table 7.

DEBT IN RELATION TO HOLDINGS OF FAMILIES OF CLASSES  
A AND B, 1934.

Families	% to total	% of families holding land (in acres)				
		0 - 2 Acres	2 - 4 Acres	4 - 6 Acres	6 - 8 Acres	Over 8 Acres
Families holding debt up to 2 years' income (Class A)	25.6	2.7 <sub>+0.7</sub>	7.0 <sub>+1.1</sub>	3.5 <sub>+0.7</sub>	5.4 <sub>+0.9</sub>	7.0 <sub>+1.1</sub>
Families having debt up to 4 years' income (Class B)	17.4	5.0 <sub>+0.9</sub>	6.6 <sub>+1.6</sub>	1.9 <sub>+0.6</sub>	0.4 <sub>+0.3</sub>	3.5 <sub>+0.9</sub>

Source : As for Table 6.



up to their 4 years' cash income. Strikingly enough, these families formed the smallest group of indebted families (Class B) 19.2 per cent of the total debt. 19.8 per cent of the families were debt free (Class C).

The survey data on debt in relation to land holdings of A and B classes of families are presented in Table 7. Data on the size distribution of land holdings of class C families are not available from the survey report, although they formed the largest single group of indebted families. Table 7, indicates that the size distribution of holdings of Class A families is characterised by some sort of bi-modality. 7 per cent of the Class A families held between 2 and 4 acres whereas another 7 per cent of the same class owned over 8 acres. 6.6 per cent of Class B owned between 2 and 4 acres, while 5 per cent held up to 2 acres. Most of the Class B families, therefore, belonged to smaller size groups of holdings, 3.5 per cent of these families owned over 8 acres.

A report of the BBEE's findings on one more district survey relevant to our reference regions (as referred to above) was reproduced in some detail, in the Hooghly SSR (1930-37). The BBEE made a random sample survey covering 357 typical agricultural families through the agency of sub-registrars. The survey yielded data that indicate annual borrowings and repayments of debt during the period 1931-33 in respect of a number of sample agricultural families. The total area held by these families was shown to be 2,327 acres. The average area of land including homestead plots held by a sample family



was, therefore, 6.52 acres,<sup>26</sup> Table 8 shows borrowings, repayments of capital and repayments of interest made by the sample families in each year from 1931-32 to 1933-34.

Table 8.

Borrowings and Repayments of capital and interests Per Annum for the Sample Agricultural Families in the District of Hooghly for the Period, 1931-32 — 1933-34.

Year	Borrowings	Repayments of Capital	Repayments of interests
		Rs.	Rs.
1931	30,109.00	8,411.00	2,295.00
1932	25,300.00	8,267.00	3,502.00
1933	23,375.00	10,714.00	4,368.00

Source : B B E E's survey (1933-34) findings on the district of Hooghly. Cited in the Hooghly SSR, (1930-37), Para 21, P.19.

As regards the transfer of assets in the lender's favour on account of debt, the survey furnished figures for the period, 1931-32—1933-34. Total area sold by private sales for repayment of debt for the period was estimated to be 84.38 acres. The figures of area sold to non-cultivator mahajans in the court sales during the same period were put at 21.54 acres whereas the area sold to cultivator mahajans in court sales stood at 2.93 acres.<sup>27</sup> The survey findings as regards the class of buyers in court sales go very much against



the hypothesis that land was transferred primarily to the rich farmers involved in money lending and grain trade. A lot of evidence can be drawn from the district SSRs, BPBEC, LRC, etc. in support of the hypothesis.<sup>28</sup> Surprisingly, the evidence runs counter the observations made in the Preliminary Report of the BBEE (as-cited in Section II of the paper) that the professional moneylenders were unable to function in the countryside and their efforts for legal settlements of their dues also turned out to be ineffective.

A high degree of impoverishment of the rural households was also indicated by M.A. Hugue's estimates of income and deficit per family of five persons in the Bengal districts. [1939 : P.128 7] The estimates are shown in Table 9. The average income of a household was estimated on the basis of the total cultivated area in Bengal in 1936-37. In case of paddy the value of the produce was calculated at a uniform rate of 16 maunds (1322.72 lbs.) of yield per acre at a price of Rs.1.50 per maund. The value of the produce in the entire jute area was also similarly estimated on an average yield of 14.5 maund (1198.72 lbs.) at Rs.4-0-0 per maund. The remainder of the total cropped area in the district excluding the areas under tea, cinchona, fodder crops, fruits, vegetables and miscellaneous crops had been calculated on a lump basis of Rs.20.00 per acre. The estimated total crop value was divided by the number of cultivating owners and tenant cultivators in the district (excluding the growers of special produce) to arrive at the average family income. Rent payable per holding has been deducted from the gross value of produce per unit of family in order to calculate the net value.



The figures for the value of produce for Nadia Murshidabad, Birbhum and Bankura were adjusted by deducting 20 per cent and for Malda 10 per cent to make allowance for varying degrees of fertility between the districts.

The net requirement of a family of five persons was estimated to be Rs.256/-.<sup>29</sup>

The extent of deficit was high, specially, in the districts where the proportion of rent to the total value of produce was high.

Huque's estimated deficit per family, as given in column 8, Table 9, was the largest for the district of Howrah which was followed by the district of Burdwan. The proportion of rent to produce for these two districts, as Huque estimated, had been 72 per cent and 69 per cent., respectively. In the remaining districts it was less than 40 per cent, excepting that of in the 24-Parganas where it was 43 per cent. Huque's estimates of the proportion of rent to produce are shown in Table 10.

Huque's estimates of the proportion of rent to the gross value of crops for the year 1936-37, however, vary from another sets of figures furnished by the superintendent of Census Operations, West Bengal (1951). The latter sets of figures, as presented in Table 11, indicate the situation vis-a-vis the proportion of rent to produce in 1901 as well as in 1939 for five districts of Bengal, viz, Birbhum, Burdwan, Midnapore, the 24-Parganas and Nadia. The data shown in columns 2 and 4 of the table were computed from the figures (relating to the incidence of cash rent per acre of raiyati interest and the gross value per acre) generated by the LRC. The figures in columns 3 and 5 were drawn from an official estimate made in 1901.



Table 9.

Average Income and Deficit Per Family (1936-37)

Districts	Total value of Crops.	Value of produce per Unit Family	Adjusted Value of Produce per Unit Family	Area for which rent is payable	Rent payable per holding		Net Value Produce after deducting rent		Net adjusted deficit after deducting rent.
	Rs.	Rs.	Rs.	Acres	Rs.	A.	Rs.	A.	Rs.
Burdwan	15,697,000	153	153	5.70	100	5	52	11	203
Birbhum	17,033,200	220	176	9.00	49	8	125	8	129
Bankura	15,957,600	180	144	7.00	42	7	101	9	154
Midnapore	40,269,600	137	137	5.70	40	00	97	0	159
Hooghly	9,553,000	109	109	3.50	38	8	70	8	185
Howrah	2,972,000	86	86	3.00	60	12	25	4	230
24-Parganas	22,664,800	123	123	4.15	52	6	70	10	185
Nadia	24,031,200	231	185	7.50	51	0	134	0	122
Murshidabad	26,145,200	291	233	9.50	52	4	180	12	65
Dinajpur	28,087,200	147	147	5.85	40	5	106	11	149
Jalpaiguri	16,740,000	214	214	9.50	74	12	139	4	116
Malda	12,006,000	153	138	6.00	39	6	98	10	157

Source : A Huque, The Man Behind the Plough,  
(Calcutta, 1939), Table 51, P. 128.



Table 10

HUQUE'S ESTIMATES OF PROPORTION OF RENT  
TO PRODUCE ( 1936 - 37 )

Districts	Total Value of Crops	Present gross value	Proportion of rent to produce without adjustment(%)	Proportion of rent to produce with adjustment(%)
Burdwan	15,697,000	10,779,442	69	69
Birbhum	17,003,200	3,871,521	23	29
Bankura	15,957,600	40,61,556	26	32
Midnapore	40,269,600	11,983,534	30	30
Hooghly	9,353,000	3,634,567	39	39
Howrah	2,972,800	2,137,118	72	72
24-Parganas	22,664,800	9,792,545	43	43
Nadia	24,031,200	5,232,470	22	27
Murshidabad	26,145,200	4,663,922	18	22
Dinajpur	28,087,200	7,722,479	27	27
Jalpaiguri	16,740,000	5,916,252	35	35
Malda	12,006,000	3,046,623	25	28

Source : A. Huque, The Man Behind the Plough (Calcutta, 1939), Table 52, P. 130.



Table 11.

Value of Gross Agricultural  
Produce and Incidence of  
Raiyati Cash Rent Per Acre  
in Five Districts of West  
Bengal (1901 and 1939)

District	Gross value of produce per acre		Cash rent per acre		Rent as % of gross value of produce per acre (Approx.)	
(1)	(2) 1939 (Rs)	(3) 1901 (Rs)	(4) 1939 (Rs)	(5) 1901 (Rs)	(6) 1939 (Rs)	(7) 1901 (Rs)
Birbhum	40	30	3.88	4.50	10	15
Burdwan	41	45	3.94	4.50	10	10
Midnapore	39	40	3.94	4.50	10	11
24-Parganas	46	45	5.81	4.50	13	10
Medinipur	43	40	2.44	3.00	6	8

Source : Computed in Census of India, Report, Bengal, 1951, Ch. IV, Section 3, Para, 67. Data in Columns 2 and 4 of the table were computed from the figures presented in Table VI (a) and Table VIII (a) of the Report of Land Revenue Commission, Bengal (1940), Vol. II, and data in Columns 3 and 5 were drawn from Letter No. 838 TR of the Govt. of Bengal to the Govt. of India, dt. 24th June, 1901 (Vide Census of India, 1951, Vol. VI, W. Bengal, Part 1A - Report, 1954. Statement IV 14 Cited in K.M. Mukherjee, 1977 Rents and Forms of Tenancy in Birbhum since the permanent Settlement, Indian Economic and Social History Review, Vol. XIV, No. 3, P. 369.



Table 11 indicates that in comparison with the year 1901, the proportion of rent to the total value of produce ( at current prices ) in 1939 increased in the district of 24-parganas, remained constant in Burdwan and decreased in Birbhum, Midnapore and Nadia. K.M. Mukherjee observed in this connection that the cash rents per acre as in 1901 remained fixed until the survey and settlement operations commenced around or after world war I. Rent was reduced in a large number of districts and it remained the same till 1939 and thereafter [ Mukherji : 1977, P.369, Note 14 ]

Huques' estimates of the proportion of rent to the value of produce ( as shown in Table 9 ) seem to be much higher than that shown in Table 10. It is quite difficult to explain the discrepancies since we do not know how the value of the produce was computed to arrive at the figures for the proportion of rent to produce for the years 1901 and 1939 as shown in Table 11.

To put it in terms of Mukerji's explanation, Huques figures relate to the year 1936-37, whereas the sets of figures shown in columns 2 and 3 of the table presumably relate to the year 1939 when the general price-level went up substantially. Mukerji, however, added that Huque's estimated proportion of rent to the value of produce was so much higher than that shown in table, that the margin of difference cannot be explained in terms of the price-factor alone. [ Ibid. P.370, Note 15 ]

Compared with the period of permanent settlement, rent as a proportion of the value of the produce as B.B. Chaudhuri



observed, greatly diminished from about the end of the nineteenth century. [1977, P.366] At the time of permanent settlement agricultural prices were low which would have made the rent burden heavy. But even if we admit that the rent burden substantially diminished during the later phase of colonialism, it should not be overlooked that this was true only in respect of raiyati rent payable in cash as such. As Mukerji pointed out,

'the under-raiyati cash rent was considerably higher than the raiyati rent and the value of rent paid in kind also went up appreciably as the price of agricultural produce increased'.

[Mukerji : 1977, P. 370]

Rent as a proportion of the total cost of production would also have come down with the rise in agricultural prices. S.P. Bose and P.C. Mahalanobis conducted an enquiry in 1933-34 in Birbhum which revealed that rent and cess together accounted for 13.8 per cent of the total cost of production of paddy.<sup>30</sup> When the depression was over and the prices moved upwards the relative importance of rent as an item of cost diminished, because the rate of rent remained unchanged whereas other items of cost went up in money value. Mukerji argued in this connection, 'this conclusion does not hold good in the case of contractual rent paid by tenants-at-will or rent paid in the form of some fixed amount or a share of produce'. [Ibid. P. 371] The benefit of the lower raiyati-rent could not, therefore, be drawn by the adhiars and share-croppers who used to pay rent in kind.

The incidence of revenue demand per acre of permanently settled land varied widely from district to district and it was



not fixed either according to productivity or according to intensity of population. The incidence as Huque illustrated, varied from Re.1.87 (1-14-0) and Re.1.44 (1-7-0) in the districts of Howrah and Burdwan, respectively, to Re.0.22 (0-3-6) <sup>and Re.0.20 (0-3-3)</sup> in the districts of Dacca and Mymensingh, respectively. Huque pointed out that the district of Burdwan with 3,245 square miles of permanently settled area in it, paid more than Re.30 lakh in land revenue, while the whole of the Dacca division having an area more than four times the area of the Burdwan district had to pay a little over Re.26 lakh. [Huque : 1939, Pp.131-32] He therefore, concluded that the raiyats of the decadent districts of western and central Bengal had to pay much more in rent than those of the fertile districts of eastern Bengal (excepting Chittagong where the rent burden was relatively high). [Ibid. P.137]

It also follows from Huque's estimates, as shown in table 12, that the districts of western and central Bengal had to pay a much higher margin as between rent and revenue, compared with the districts of eastern Bengal. Compared with Bakarganj the margin per acre was higher by Re.10.69 (10-11-0) in Burdwan, Re.3.31 (3-5-0) in Bankura, Re.6.00 (6-0-0) in Hooghly, Rs.13.94 (13-15-0) in Howrah, Rs.7.50 (7-8-0) in the 24-Parganas Rs.3.56 (3-9-0) in Nadia and Rs.2.25 (2-4-0) in Murshidabad. [Ibid. P.137] The margin between rent and revenue per acre in the northern Bengal districts of Dinajpur, Jalpaiguri and Malda was also higher than that of the eastern Bengal districts, but it was not higher than that of the districts of Bankura and Midnapore. Huque, therefore, came to the obvious conclusion that the raiyats in western and



Table 12.

Revenue, Rent and Cess Per Acre (1936-37)

Districts	Net Cultivated acreage	Gross Rental	Cess Demand	Revenue per acre	Rent per acre	Cess per acre	Total of rent and cess per acre	Margin between Revenue and Rent
		Rs.	Rs.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.	Rs. A. P.
Burdwan	608,200	10,779,442	359,481	5 0 0	17 11 0	0 9 5	18 4 5	12 11 0
Birbhum	704,300	3,871,521	195,544	1 14 0	5 8 0	0 4 5	5 12 5	3 10 0
Bankura	650,700	4,061,556	219,532	0 12 0	6 1 0	0 5 4	6 6 4	5 5 0
Midnapore	1,710,600	11,983,534	593,465	1 9 0	7 0 0	0 5 6	7 5 6	5 7 0
Hooghly	316,100	3,684,567	199,627	3 0 0	11 0 0	0 10 1	11 10 1	8 0 0
Howrah	105,400	2,137,118	123,744	4 5 0	20 4 0	1 3 0	21 7 0	15 15 0
24-Parganas	780,400	9,792,545	522,109	3 0 0	12 8 0	0 10 8	13 2 8	9 8 0
Nadia	764,200	5,232,470	323,905	1 4 0	6 13 0	0 6 9	7 3 9	5 9 0
Murshidabad	850,900	4,685,922	248,651	1 4 0	5 8 0	0 4 8	5 12 8	4 4 0
Dinajpur	1,119,900	7,722,879	436,882	1 6 0	6 14 0	0 5 10	7 3 10	5 8 0
Jalpaiguri	745,600	5,916,252	233,906	2 0 0	7 14 0	0 5 0	8 3 0	5 14 0
Malda	464,400	3,046,623	175,273	1 0 0	6 9 0	0 6 0	6 15 0	5 9 0

Source : A Huque, The Man Behind the Plough (Calcutta, 1939), Table 55, P. 136.



central Bengal had been much more rack-rented than their counterparts in northern and eastern Bengal (excepting Chittagong).<sup>31</sup> P. Chatterjee has, however, argued that the extent of illegal exactions, viz., abwab, by the Zamindars had been much higher in the eastern Bengal districts than that of in any other parts of Bengal. [Chatterjee : 1982, P. 138]

The question of rental burden on the peasantry has not been dealt with so far in the context of sub-infeudation which, according to A. Bhaduri, [1976: Pp.45-48] severely constrained peasants' ability to generate surplus. Bhaduri's hypothesis, which implies an inverse relationship between the number of intermediate tenure holders and the rental burden, has been examined by A. Abdullah on the basis of a correlation analysis between sub-infeudation(S), defined as the number of intermediate tenures per hundred raiyati holdings, and rental burden on the peasantry (R), defined as the ratio between rent and gross value of agricultural produce.<sup>32</sup> The correlation coefficient (worked out to be 0.048) seems to be insignificant. Abdullah has also tried to correlate S to gross agricultural produce (Q) expecting (as he says) a negative association between these two variables. In this case too the correlation coefficient, as he put at 0.08, seems to be insignificant. [Abdullah : 1980, Vol.IV, No.2, Pp. 25-26]

Abdullah argues that the rent to produce ratio (R) does not accurately indicate the burden on the peasants. He maintains,

" the same ration [R] would involve a lighter burden in a high income area than in a low-income one."  
[Ibid. P. 26]



He, however, admits that the rental burden in a real sense is an increasing function of sub-infeudation,

"..... but this is masked by the fact that at the same time agricultural produce per head falls, so that a constant or even a falling R would be consistent with a rising burden." [Ibid. P. 26]

His another set of statistical observations has to be mentioned before we wind up our discussion on rental burden on the peasantry as a causative aspect of poverty in the context of sub-infeudation. He has constructed another variable, D, to denote the difference between revenue and rent, divided by the number of estates in the districts. He then correlates S to D. The correlation co-efficient, as he works out, stands at - 0.36. This leads him to conclude that there was a fairly strong tendency for sub-infeudation to be lower where the revenue-rent difference was higher. [Ibid. P.26] To find an explanation for this he suggests.

"..... sub-infeudation was mainly a response to managerial problems of large estates and that large estates were over-assessed relative to small ones, so that the negative association between S and D is essentially a spurious one." [Ibid. P.27]

Furthermore, Abdullah raises a question which is not directly related to sub-infeudation as such. To put it in his own terms,



"would it be accurate to say ..... that everywhere more or less all the surplus produce was taken away from the peasants ?"  
[Ibid. P. 27\_7]

To get an answer to the question in the affirmative one has to obtain a positive correlation between R and Q, but he finds that the correlation co-efficient between these variables is negative and stands at - 0.34. This according to him, implies that in regions where Q was higher, 'a higher proportion of that higher produce' was retained by the peasantry. Based on this observation, he poses a question whether regions with high Q would have witnessed the rise of a class of rich peasants who successfully prevented the Zaminders from expropriating all the surplus. To get an indication of the direction to which the surplus moved, he correlates the percentage of peasant households cultivating more than 10 acres to Q and obtains a very high positive correlation co-efficient of 0.84. [Ibid. P.27\_7]

Abdullah's statistical exercises are based on 25 observations (except for D, which turned out to be negative) and 1 for each district. [Ibid. P.26\_7] The study has, however, little to suggest as regards the involutory nature of relationship between the variables he has constructed and its changes over time. Moreover, it seems to be difficult to realise the significance of the correlation co-efficients he has worked out since the relevant T values are not mentioned. His estimate of correlation co-efficient between Sand E (the average size of estates obtained by dividing reported district area by the reported number



of estates), which we have not mentioned above to avoid digression, has been stated to be 'quite encouragingly high at 0.23'. [Ibid. P. 27.] The relevant T value, as we have worked out, is as low as 1.133. The correlation coefficient is not, therefore, statistically significant.

## II

Official and non-official estimates made at varied times provide us only with some point observations of indebtedness at discrete intervals. If we want to construct time series of agricultural indebtedness the only data we can use are the mortgage statistics furnished by the Registration Department, Government of Bengal. We might assume that the registered debt would have a constant relationship with the volume of secured loans. However, the percentages of secured and unsecured loans differed from district to district as we know from the BPBEC's estimates. Table 13 displays district wise estimates of secured and unsecured loans. For the province as a whole, the proportion of the value of the secured loans to that of the unsecured loans was estimated to be 9 to 10, 80 per cent of the numbers of loans advanced by the moneylenders was, however, found to be unsecured and 20 per cent secured.

[BPBEC : 1930, Vol. I, Part. II, P. 197.] The estimates were stated to be based on the 'personal knowledge of the witnesses' [Ibid. P. 197.] and not on any detailed enquiry. Whether the figures indicate the number of loans or the value of loans in per cent was not mentioned.

Table 13 shows that the percentage of secured loans was fairly high in the districts of Burdwan (80%), Birbhum (90%), Howrah (90%), Murshidabad (80%) and Dinajpur (75%) and quite low in Nadia (20%) and Hooghly (20%).<sup>33</sup> Data for the rest of the reference districts are not available.



Table 13

Proportions of secured and unsecured loans

District	Percentage of secured loans	Percentage of unsecured loans
Burdwan	80	20
Birbhum	90	10
Bankura	N.A.	N.A.
Midnapore	N.A.	N.A.
Hooghly	20	80
Howrah	90	10
24-Parganas	N.A.	N.A.
Nadia	20	80
Murshidabad	80	20
Dinajpur	75	25
Jalpaiguri	N.A.	N.A.
Malda	N.A.	N.A.

Source : Report of the Bengal Provincial Banking Enquiry Committee (1929-30), Vol.I, Ch.XIV, P. 197.

The BPBEC made some interesting observations on the question whether the registration figures could provide a reliable index for the incidence of indebtedness. The Committee pointed out that some of the new registrations were renewals of the old mortgages and hence in taking the figures for ten years one mortgage might be counted twice over. [Ibid. P.67] This apart, the allocation of the registered debt between the agriculturists and the non-agriculturists also poses a problem. The



BPBEC, in this connection, cited A.K. Jameson's observation made in course of his Settlement Report for Midnapore the relevant text of which is quoted below :

"A closer approximation to the correct figure may be obtained by assuming that both agriculturists borrow in proportion to their respective interest in land. It is difficult, however, to determine accurately the proportions of such interest. For on account of the Permanent Settlement, the land Revenue paid does not give any reliable estimate of the value of the estate. Similarly, the rents paid by tenure-holders and tenants are often customary. In view of these difficulties, the figures for registered debt calculated above can provide only some indirect information/of agricultural indebtedness in Bengal". [Ibid. P.67]

/with regard to the volume and distribution

Many loans arose out of personalised credit transactions, presumably, they were unsecured. Still the registration figures of mortgages seem to be useful for a district-level study of the changes in the debt burden of the peasantry over time since no significant action was taken against the usurious activities, of the moneylenders till the end of the 1920s. No situational change also took place to induce the borrowers to break their traditional pattern of credit demand. As we shall see later, in the 1930s the depression and a number of legislative enactments interfered with the volume and value of the registered mortgage and the unregistered debt (specially in the form of paddy loans), in consequences, surged forward. Mukherji (1986) has argued with supporting evidence that non-monetized credit-transactions, specially in the form of paddy loans, largely



replaced cash loans during the 1930s. /Mukherji : 1986, pp. PE 16-PE 18\_7 The registered debt maintained its declining trend in all the reference districts till 1941.

It can be plausibly argued that the trends of the registered and the unregistered debt would have been similar at least during the first three decades of the twentieth century. We have estimated trends in the registered debt to indicate the behaviour of the peasant indebtedness for various periods from 1903 to 1941 : the estimates for the last decade, for reasons given above, may be less reliable than those for the first three decades. The behaviour of the registered debt in terms of its real burden would, however, have shown up better if the relevant trends were estimated in terms of the time series of the aggregate money value of the mortgage deeds deflated by the time series of a suitable price-index. The instability of prices, as the BPBEC observed, appeared to be a 'practical difficulty' in providing a reliable index for the incidence of indebtedness. /T930, Vol.I, Part II, P.64\_7. The BPBEC asserted that it was not easy to say what proportion of the rise in total mortgages was due to rising prices. It, however, found 'a remarkably close correspondence between prices and registered mortgages. /Ibid, P.64\_7. But data for commodity prices that are needed for constructing a suitable index to deflate the value of the registered debt are not available. In view of this difficulty semi-log trends have been fitted, first, to the time series of the aggregate money value of mortgages of immovable property and then to the former deflated by the time series of the annual average of the retail prices of common rice for which data are available.<sup>34</sup> The index of the deflated value of mortgages which indicates the rice-equivalent of the registered debt is not at all claimed to be showing the incidence of agricultural indebtedness. It is simply an attempt to understand how much of rice ~~XXXXXXXXXXXXXXXXXXXXXXXXXXXX~~



peasants could command by contracting loans against mortgages of immovable property and its fluctuations over time.

The time series of the annual average of the retail price of common rice have been computed from the fortnightly quotations of retail prices published in the supplement to the Calcutta Gazetteer for the reference period. Such the data were collected at the end.

The results of estimation of the trends in registered debt in terms of its aggregate money value are presented in Table 14 below :

Table 14  
Trends in Aggregate Money Value of Mortgages of  
Immovable Property

Districts	Periods	a	b	SE(b)	R <sup>2</sup>	T Value	Trend Rate of Growth Per cent Per annum
Burdwan	I (1903-28)	6.214	0.011	0.003	0.691	3.278*	2.57
	II (1929-41)	7.187	-0.076	0.009	0.857	-8.125*	-16.05
Birbhum	I (1903-28)	5.712	0.032	0.007	0.483	4.733*	7.65
	II (1929-41)	5.323	-0.075	0.008	0.877	-8.865*	-15.86
Bankura	I (1903-28)	6.170	0.006	0.002	0.242	2.766*	1.39
	II (1929-41)	6.394	-0.072	0.008	0.888	-9.359*	-15.28

Contd ..... 49.



Districts	Periods	a	b	SE(b)	R <sup>2</sup>	T Value	Trend Rate of Growth: Per cent Per annum
Madnapore	I (1903-27)	6.412	0.016	0.003	0.565	5.469*	3.75
	II (1928-41)	6.872	-0.068	0.005	0.941	-13.870*	-14.49
Boghly	I (1903-28)	5.950	0.015	0.002	0.762	8.760*	3.51
	II (1929-41)	6.694	-0.063	0.007	0.868	-8.517*	-13.50
Buwrah	I (1903-27)	6.149	0.022	0.001	0.919	16.171*	5.20
	II (1928-41)	5.638	-0.055	0.010	0.713	-5.460*	-11.90
Bardhaman Parganas	I (1903-28)	6.556	0.022	0.003	0.708	7.622*	5.20
	II (1929-41)	6.971	-0.020	0.005	0.566	-3.787*	-4.50
Bardhaman	I (1903-28)	5.960	0.009	0.001	0.675	7.055*	2.09
	II (1929-41)	5.219	-0.085	0.009	0.890	-9.426*	-17.78
Burdwan	I (1903-28)	5.948	0.014	0.002	0.726	7.917*	3.28
	II (1929-41)	6.465	-0.094	0.010	0.885	-9.178*	-19.46
Bardhaman	I (1913-28)	6.556	0.017	0.003	0.711	5.866*	3.99
	II (1929-41)	6.473	-0.086	0.009	0.900	-9.926*	-17.96
Bardhaman	I (1913-30)	5.924	0.020	0.005	0.497	3.849*	4.71
	II (1931-41)	6.454	-0.091	0.009	0.893	-10.012*	-18.90
Bardhaman	I (1913-28)	6.017	0.016	0.003	0.671	5.348*	3.75
	II (1929-41)	6.288	-0.088	0.009	0.904	-10.196*	-18.34

Source : GOB, Statistical Returns (Annual/Triennial) Registration Department. (1903-41).

\* Significant at 1 per cent level.



The choice of the terminal year for each period has been made in such a manner so that it marks a definite break in trend. The period of rising trend for the undeflated series of mortgage value, as we find in Table 14 ends in 1928 in all the districts excepting that of Midnapore, Howrah and Jalpaiguri. In case of the districts of Midnapore and Howrah the periods of rising trend are coterminous, 1927 being the terminal year. The period, however, terminates in 1930 in case of Jalpaiguri. The trends for all the reference districts for period I are positive and significant at  $\angle 1$  per cent level whereas they seem to be negative with  $\angle 1$  per cent level of significance for all the districts for period II ending in 1941.

The trend or the annual compound rates of growth (ROG) (in per cent) for the nominal value of mortgages for period I, as shown in column 8, Table 14, widely vary from district to district, specially within Burdwan division. ROG for period I is 1.4 per cent for the district of Bankura while it is as high as 7.55 per cent for Birbhum. ROGs ( in per cent ) for the rest of the districts of the division vary between 2.61 (Burdwan) and 5.20 (Hooghly). As we have already seen, variations in respect of the terminal year for period I between the western Bengal districts are quite marginal.

Among the different reference districts of central Bengal, the 24-Farganas account for the highest ROG for the registered debt (undeflated) for period I, the rate being 5.08 per cent . ROGs ( in per cent ) for the same period for the remaining two districts, viz. Nadia and Murshidabad are 2.05 and 3.23, respectively. The period spans uniformly from 1903 to 1928 for all the reference districts of central Bengal.



The estimated ROGs ( in per cent ) for the reference districts of northern Bengal, viz. Dinajpur, Jalpaiguri and Malda are 3.99, 4.76 and 3.68, respectively. The degree of variations in the rates for the districts for period I is, obviously, lower than that of the rates that we have obtained for the districts of western as well as central Bengal. The period, as we have noted above, stretches to 1930 for the district of Jalpaiguri and to 1928 in case of the rest of the reference districts of the division.

Period I is, therefore, marked by a rising trend in the registered debt (undeflated) in all the reference districts. The trend, of course, broke at varied times in different districts, although the variations are marginal. It is to be noted in this connection that the depression of the 1930s did not cast its shadow over the peasants economy of the different districts right at the same time. Nor did the process engulf all aspects of the peasant economy at the same time. As we shall see later, the downturn in the land market activities, specially in terms of sales and mortgages of land, in most of the districts became evident quite a few years before the price of rice, the main staple crop, crashed in those districts in 1931.

Spatial variations in the extent of pauperization of the peasantry over time are not, however, always indicated by the secular movements of registered debt in the districts. ROG for the district of Bankura for period I seems to be the lowest among all the reference districts. This does not imply that the peasants in Bankura were least exposed to the usurious activities of the moneylenders or their involvement in such



activities had been growing at the slowest pace over the period. The intercept value (taking antilog, we have  $a = 1479108.39$ ) worked out for the district for period I (Table 14) seems to be fairly high and quite comparable to that of any other reference district. This indicates that the general level of indebtedness (in terms of registered debt) in the district has been fairly high.

The economic conditions of the agriculturists in the district had never been satisfactory during the period under investigation. Mc Alpin's Report of 1909, as we have noted in section I, gives a harrowing account of the ordinary raiyats, specially the Sonthals, who were exposed to usury. The district settlement authorities observed no different situation during their operations between 1917-24. The over-all economic situation of the ordinary raiyats and numerous landless agricultural workers showed no sign of improvement. We have also seen in the foregoing section that the BBEE observed a very high incidence of indebtedness in the district in the 1930s.

The relatively low ROG in the registered debt (undeflated) during period I as estimated for the district of Bankura can be explained in terms of the relative inaccessibility of a bulk of the peasantry to the moneylenders who claimed land as collateral. Available evidence indicates that paddy loans largely replaced cash advances in the district at the turn of the century and the peasants in the district were evidently exposed to this worst kind of usury even during the first decade of the century. Mc Alpin's Report provides evidences to corroborate the contention.



It may be recalled that the estimated trends in the undeflated value of mortgages have been found to be significantly negative for all the districts under investigation for the closing period. The rates of decline seem to be very high for all the districts. Variations in ROGs between the districts are, however, quite considerable. The rates of decline for the western Bengal districts vary between 11.79 and 16.05 per cent. The widest variations in the rates are obtained for the districts of central Bengal. The highest rate of decline is obtained for Murshidabad and the lowest for the 24-Parganas. The respective ROGs being - 19.46 per cent and - 4.43 per cent. Variations in the rates of decline between the three reference districts of Rajshahi division, viz. Dinajpur, Jalpaiguri and Malda are comparatively low. The respective ROGs (in per cent) for the districts are - 17.98, - 18.98 and 18.27. The decline in the aggregate money value of mortgages in all the districts had been extremely rapid in the closing period of our investigation. The estimated trends for the period clearly indicate the collapse of the traditional credit system a process which lasted till the end of our reference period.

Trends in the aggregate value of mortgages deflated by the price of common rice, as presented in Table 15 below, grossly vary from that of in the undflated series of the registered debt specially in cases of the districts of Burdwan Bankura and Nadia.

In case of Burdwan a negative trend is obtained for the period 1903-28. The trend is not, however, strong and it seems to be significant at 10 per cent level.



Table 15

Trends in the Deflated Value of Mortgages  
of Immovable Property

Districts	Periods	a	b	SE(b)	R <sup>2</sup>	T Value	Trend Rate of Growth: Per cent Per annum
Burdwan	I (1903-28)	0.037	-0.003	0.002	0.079	-1.433***	-0.69
	II (1929-41)	0.296	-0.074	0.014	0.731	-5.465*	-15.67
Birbhum	I (1903-18)	-0.015	0.006	0.004	0.127	1.426***	1.39
	II (1919-28)	-0.104	0.017	0.003	0.769	5.165*	3.99
	III (1929-41)	0.295	-0.076	0.013	0.745	-5.666*	-16.05
Bankura	I (1903-28)	0.047	-0.007	0.002	0.447	-4.409*	-15.47
	II (1929-41)	0.199	-0.073	0.012	0.756	-5.839*	-15.47
Midnapore	I (1903-27)	-0.110	0.003	0.002	0.786	-6.634*	-0.69
	II (1928-41)	0.195	-0.059	0.009	0.786	-6.634*	-12.70
Hooghly	I (1903-33)	-0.140	0.013	0.002	0.479	5.162*	3.04
	II (1934-41)	0.432	-0.121	0.024	0.859	-5.043*	-24.32
Howrah	I (1903-33)	-0.068	0.008	0.001	0.575	6.261*	1.86
	II (1934-41)	0.430	-0.122	0.032	0.702	-3.758*	-24.49
24-Parganas	I (1903-37)	-0.017	0.007	0.001	0.423	4.923*	1.62
	II (1938-41)	0.364	-0.129	0.034	0.879	-3.804**	-25.70

Contd..... 55.



Districts	Periods	a	b	SE(b)	R <sup>2</sup>	T Value	Trend Rate of Growth : Per cent Per annum
Mumbai	I (1903-21)	0.071	-0.006	0.003	0.177	-1.913**	-1.37
	II (1922-32)	-0.073	0.018	0.007	0.415	2.527**	4.23
	III (1933-41)	0.334	-0.130	0.021	0.840	-6.052*	-25.87
Mumbai Suburban	I (1903-32)	-0.059	0.005	0.002	0.244	3.010*	1.16
	II (1933-41)	0.347	-0.145	0.021	0.867	-6.761*	-28.39
Mumbai City	I (1913-30)	-0.003	0.005	0.003	0.201	2.009**	1.16
	II (1931-41)	0.149	-0.094	0.009	0.924	-10.485*	-19.46
Thane	I (1913-30)	-0.094	0.013	0.007	0.178	1.864**	3.04
	II (1931-41)	0.294	-0.097	0.011	0.897	-8.838*	-20.02
Vasai	I (1913-32)	0.012	0.005	0.003	0.151	1.792**	1.16
	II (1933-41)	0.315	-0.136	0.017	0.903	-8.062*	-26.89

Source : GOB Statistical Returns (Annual/Triennial) of the Registration Department. (1903-41).

\* Significant at  $\angle$  1 per cent level.

\*\* Significant at  $\angle$  5 per cent level.

\*\*\* Significant at  $\angle$  10 per cent level.



The time series of the deflated value of mortgages show no significant trend for the period 1903-28 in case of Birbhum, we, however, obtain negative trends for the periods 1903-18 and 1919-28 for the same district. B is significant at 10 per cent level for the former period and at  $\angle$  1 per cent level for the latter period.

In case of Bankura the estimated trend in the deflated value of mortgages for the period 1903-27 is negative and significant at  $\angle$  1 per cent level whereas in case of Nadia a negative trend with  $\angle$  1 per cent level of significance is obtained for a shorter period with terminates in the year 1921. A rising trend with  $\angle$  1 per cent level of significance is estimated for the period 1922-32 for the same district. Mortgages shown in terms of its aggregate money value did not, therefore, move upwards in sympathy with the movement of the price of common rice from 1903-28 in case of Burdwan, Birbhum and Bankura and from 1903-21 in case of Nadia. For the rest of the districts a significant rising trend for the same series is obtained for period I.

The secular movements of the deflated value of the registered debt substantially vary from the movements of its undeflated value over time specially in terms of the points of time marking the trend-breaks for both the series. The period of rising trend in the deflated value of mortgages continued till 1933 in the districts of Howrah and Hooghky whereas in case of Murshidabad and Malda the period is found to terminate in 1932. A rising trend in the same series is obtained for the districts of Dinajpur and Jalpaiguri for the period 1903-30. The most significant variation is found in case of the district of



24-Parganas where the period of rising trend is traced upto 1937.  $\beta$  seems to be significant at  $\angle 1$  per cent level in all the cases.

The estimated trend in the deflated value of mortgages, specially in case of the district of 24-Parganas obviously, must be an important historical reality of the rural credit market in Bengal : the nearly complete breakdown of the traditional credit system from the early 1930's. The decline in the price of rice in the district had been so rapid that it could effectively defer the downswing in the registered debt in terms of its deflated value till 1937.

A strong declining trend (with  $\angle 1$  per cent level of significance) in the registered debt in terms of its deflated value is obtained for all the reference districts for period II. The decline is, however, less rapid compared with that of the trend in the undeflated series of the registered debt. The steep fall in the price of rice - the trend of which continued around 1938 - withheld the deflated value of mortgage to fall as sharply as the undeflated value of registered debt. The upward movement in the price since 1939/40 in most of the districts failed to neutralise the trend in the deflated value for the simple reason that the fall in the registered debt in terms of its aggregate money value was sharper,

ROGs for the deflated series of mortgage value for period I are positive for all the districts excepting that of Burdwan, Bankura and Nadia. The rates are, however, much lower than what we have obtained for the



same districts for the undeflated series. In case of Birbhum the reference period, as we have indicated above, has been divided into three sub-periods and the ROGs are estimated for each such sub-period. ROGs for the periods 1903-18 and 1919-28 are positive, but if these periods are taken together no growth is shown. In case of Nadia too, the reference period is broken into three sub-periods. ROG for the first sub-period (1903-21) for Nadia is negative whereas for the second (1922-32) it is positive and the rate is 4.23 per cent. If these segmented periods are taken together no growth is found. ROGs for period I for the rest of the districts where they are found to be positive, range between 0.69 per cent and 3.04 per cent - the lowest rate is worked out for the district of Midnapore while both the districts of Hooghly and Jalpaiguri claim for the highest.

The rates of decline in the deflated value of mortgages for all the districts in the closing period seem to be very high. ROGs for the western Bengal districts of Burdwan, Birbhum, Bankura and Midnapore vary between - 16.05 and - 12.70. Among those four districts, the highest rate of decline is obtained for Birbhum while the lowest for Midnapore. The period is exactly of equal length covering 13 years for the first three districts mentioned above. It is longer by one year in case of Midnapore. ROGs for the rest of the western Bengal districts, viz. Hooghly and Howrah are -24.32 per cent and - 24.49 per cent,, respectively. The period covers 8 years for both the districts. The central Bengal districts of Nadia and Murshidabad account for -25.87 per cent and - 28.39 per cent ROGs, respectively. The closing period for both the districts is of equal length covering 9 years. The northern Bengal districts of Dinajpur and Jalpaiguri claim



-19.46 per cent and -20.02 per cent ROGs, respectively. For both the districts the closing period covers 11 years. The district of Malda claims -26.89 per cent ROG for its closing period which spans 9 years. It is worth mentioning in this respect that the rates of decline in the deflated value of mortgages are much higher than that of in the undeflated value in the closing period for most of the districts.

The analysis of trends in the registered debt leads to an obvious quarry as regards its behaviour vis-a-vis sales of land. The time series of the number of deeds for both mortgages and sales, instead of their nominal money values, provide a better basis of making such study since the value per document of mortgage was not similar to that of the sales. The variations in unit values as between sales and mortgages reduce the comparability between the trends estimated in terms of their aggregate money value. In view of it semi-log trends have been fitted to the time series of the number of deeds of mortgages and sales and the results are summarised in Tables 16 and 17.

The results, shown in Table 16, indicate that trends in the registered debt estimated in terms of the number of deeds for period I are positive for all the reference districts with the lone exception of Bankura. The trends are significant at  $\angle 1$  per cent level for all these districts excepting that of Burdwan, Midnapore and Nadia where they are significant at  $\angle 5$  per cent level. The periods of such trends for both sets of number of deeds and value (undeflated) of mortgages for all the districts with the exceptions of 24-Parganas and Bankura



Table - 16

Trends in Number of deeds on Mortgages of  
Immovable Property

Districts	Periods	a	b	SE(b)	R <sup>2</sup>	T Value	Trend Rate of Growth: Per cent Per annum
urdwan	I (1903-28)	4.169	0.004	0.002	0.126	1.856**	0.03
	II (1929-41)	4.350	-0.072	0.012	0.779	-6.219*	-15.28
irbhum	I (1903-28)	3.914	0.009	0.022	0.404	4.031*	2.09
	II (1929-41)	4.149	-0.074	0.010	0.821	-7.095*	-15.67
ankura	I (1903-14)	4.099	-0.005	0.002	0.178	-2.160**	-1.14
	II (1915-23)	4.203	-0.029	0.010	0.557	-2.965**	-6.46
	III (1924-28)	3.915	0.035	0.007	0.904	5.301*	8.39
	IV (1929-41)	4.105	-0.066	0.010	0.807	-6.773*	-14.10
idnapore	I (1903-27)	4.505	0.006	0.002	0.206	2.443**	1.39
	II (1928-41)	4.606	-0.044	0.005	0.843	-8.015**	-9.64
ooghly	I (1903-28)	3.771	0.008	0.002	0.484	4.749*	1.86
	II (1929-41)	4.052	-0.071	0.007	0.910	-10.521*	-15.08
owrah	I (1903-27)	3.670	0.009	0.001	0.764	8.631*	2.09
	II (1928-41)	4.017	-0.053	0.007	0.825	-7.533*	-11.49
4-Parganas	I (1903-30)	4.283	0.009	0.002	0.524	5.347*	2.09
	II (1931-41)	4.495	-0.059	0.010	0.796	-5.917*	-12.70

Contd. .... 61.



Districts	Periods	a	b	SE(b)	R <sup>2</sup>	T Value	Trend Rate of Growth: Per cent Per annum
Mia	I (1903-28)	3.705	0.001	0.001	0.046	1.074	0.23
	II (1929-41)	4.012	-0.087	0.008	0.910	-10.560*	-18.15
Mushidabad	I (1903-28)	3.791	0.012	0.002	0.627	6.347*	2.80
	II (1929-41)	4.291	-0.095	0.015	0.796	-6.546*	-19.65
Majpur	I (1912-28)	4.084	0.018	0.003	0.765	6.989*	4.23
	II (1929-41)	4.285	-0.070	0.010	0.818	-7.036*	-14.89
Mpaiguri	I (1912-30)	3.459	0.014	0.002	0.655	5.679*	3.28
	II (1931-41)	3.510	-0.060	0.007	0.897	-8.844*	-12.90
Mlda	I (1912-28)	3.781	0.009	0.002	0.487	3.776*	2.09
	II (1929-41)	3.939	-0.077	0.006	0.930	-12.115*	-16.25

Source : GOB : Statistical Returns (Annual/Triennial) of the Registration Department. (1903-41).

\*Significant at  $\angle$ 1 per cent level.

\*\*Significant at  $\angle$ 5 per cent level.

\*\*\*Significant at  $\angle$ 10 per cent level.



are coterminous and of equal span. In case of the district of 24-Parganas the period of rising trend in the undeflated value of mortgages ends in 1928 while the trend in the number of mortgage deeds for the same district continues to be positive till 1930.

In case of Bankura, the entire period 1903-28 shows no significant trend in the registered debt estimated in terms of the number of deeds. The periods from 1903 to 1914 and from 1915 to 1923, however, show negative trends. The trends for both the periods are significant at  $\frac{1}{5}$  per cent level. A rising trend with  $\frac{1}{1}$  per cent level of significance is obtained for the period 1924-28.

Within the Western Bengal districts (excepting Bankura) ROGs vary between 0.93 per cent and 2.09 per cent, Burdwan accounts for the lowest rate and both the districts of Birbhum and Howrah claim for the highest. In case of Bankura ROGs for the periods 1903-14 and 1915-23 are - 1.14 per cent and - 6.46 per cent, respectively. A positive growth rate of 8.39 per cent is obtained for the district for a brief period of 5 years ending in 1928.

ROGs for the Central Bengal districts for period I vary from 0.23 per cent to 2.80 per cent, Nadia accounts for the former rate and Murshidabad for the latter. The growth rate for the district of 24-Parganas for the same period stands at 2.09 per cent.

The growth rates obtained for two of the northern Bengal districts such as Dinajpur and Jalpaiguri seem to be



much higher than that of any other reference district. The respective rates are 4.23 per cent and 3.28 per cent. ROG for the district of Malda for period I is estimated to be 2.09 per cent. The rate is strikingly same for what we have obtained for the districts of Birbhum, Howrah and 24-Parganas.

ROGs that we have worked out for the series of the undeflated value of mortgages for period I are much higher than the growth rates for the same period for the series of the number of mortgage deeds for all the reference districts saving the district of Dinajpur where the rate obtained for the former series is lower than what we have obtained for the latter. Since the number of mortgage deeds increased at a slower pace than the aggregate value (undeflated) of deeds in period I, it can be argued that the value per document of mortgage rose over the time. The rise in the value per document might be either due to rise in the area of land mortgaged for each such document or due to a rise in the value of the collateral asset, viz. land.

The closing period of investigation (which begins from 1929 in the districts of Burdwan, Birbhum Bankura, Hooghly, Nadia, Mushidabad, Dinajpur and Malda, from 1928 in Midnapore and Howrah and from 1931 in the 24-Parganas and Jalpaiguri) for all the districts is marked by a declining trend significant at  $\angle 1$  per cent level.

For all the reference districts the period stretches to 1941 - the terminal year of the reference period.



The debt behaviour in the closing period shown in terms of the number of mortgage deeds (Table 16) is more or less similar to the behaviour of the undeflated mortgage value (Table 14) for the same period. The period showing a strong declining trend for both the series is of similar length. The degree of divergence between ROGs for the same districts for both the series is quite considerable, although the pattern of variations in terms of ROGs across the districts for both the series is more or less uniform. The rate of decline in the value (undeflated) of mortgages seems to be much lower than that of in the number of mortgage deeds in case of the district of 24-Parganas for the closing period. The difference between ROG in the value (undeflated) of mortgages and ROG in the number of mortgage deeds in this case stands at 8.20. The collateral value should, therefore, have gone up given the assumption that the area for each mortgage deed remained constant. The same sort of divergence is observed in case of Hooghly (1.58), Nadia (0.37) and Murshidabad (0.19), although the degree of divergence is much lower than what is worked out for the district of 24-Parganas. (Figures in brackets shown against the districts indicate the degree of divergence : ROG for the value (undeflated) of mortgages minus ROG for the number of mortgage deeds.), A reverse situation with regard to the type of divergence is traced in the western Bengal districts of Burdwan, Birbhum, Bankura, Midnapore and Howrah as well as in case of the northern Bengal districts of Dinajpur, Jalpaiguri and Malda. The degree of divergence is marginal for the districts of Burdwan (-0.77), Birbhum (-0.19) and Howrah (-0.41), and is quite considerable for the districts of Bankura (-1.18), Midnapore (-4.85), Dinajpur (-3.07), Jalpaiguri (-6.00) and Malda (-2.09). There had, therefore, been a considerable decline in the collateral value or the value per document of mortgage over the time



in the latter sets of districts where the rates of decline in the value (undeflated) of mortgages are much higher than the corresponding rates in the number of deeds.

Estimated trends in sales (number of deeds) of immovable property as shown in Table 17, considerably vary from district to district. In the west Bengal districts of Burdwan, Birbhum, Midnapore and Howrah the sales maintained an upward trend (significant at 1 per cent level for all the districts excepting Midnapore for which it is significant at 5 per cent level) approximately during the first two decades of the century. The period is found to terminate in 1919 in Burdwan, in 1920 in Midnapore and Howrah and in 1921 in Birbhum.

Table 17.

Trends in Sales (Number of deeds) of  
Immovable Property

Districts	Periods	a	b	SE(b)	R <sup>2</sup>	T Value	Trend Rate of Growth: Per cent Per annum
Burdwan	I (1903-19)	4.206	0.009	0.002	0.403	3.181*	2.09
	II (1920-30)	4.479	-0.019	0.005	0.588	-3.587*	-4.28
	III (1931-41)	4.207	0.022	0.005	0.590	3.599*	5.20
Birbhum	I (1903-21)	4.006	0.012	0.003	0.527	4.354*	2.80
	II (1922-31)	4.305	-0.028	0.009	0.563	-3.212*	-6.24
	III (1932-41)	3.875	0.039	0.010	0.650	3.857*	9.40

Contd.... 66.



Districts	Periods	a	b	SE(b)	R <sup>2</sup>	T Value	Trend Rate of Growth: Per cent Per annum
Bankura	I (1903-11)	3.976	-0.007	0.004	0.308	-1.766 <sup>**</sup>	-1.60
	II (1912-21)	3.919	0.012	0.006	0.366	2.151 <sup>*</sup>	2.80
	III (1922-27)	3.938	0.013	0.005	0.725	3.249 <sup>**</sup>	4.23
	IV (1928-32)	4.021	-0.047	0.018	0.691	-2.593 <sup>**</sup>	-10.26
	V (1933-41)	3.840	0.034	0.006	0.824	5.727 <sup>*</sup>	8.14
Midnapore	I (1903-20)	4.540	0.007	0.003	0.287	2.535 <sup>**</sup>	1.62
	II (1921-31)	4.772	-0.028	0.009	0.547	-3.294 <sup>*</sup>	-6.24
	III (1932-41)	4.518	0.049	0.007	0.863	7.108 <sup>*</sup>	11.94
Doochally	I (1903-27)	3.953	0.009	0.001	0.674	6.893 <sup>*</sup>	2.09
	II (1928-37)	4.306	-0.016	0.007	0.382	-2.225 <sup>*</sup>	-3.62
	III (1938-41)	3.914	0.059	0.031	0.647	1.916 <sup>***</sup>	14.55
Howrah	I (1903-20)	3.768	0.014	0.002	0.725	6.494 <sup>*</sup>	3.28
	II (1921-32)	4.050	-0.012	0.003	0.592	-3.806 <sup>*</sup>	-2.73
	III (1933-41)	3.854	0.027	0.006	0.758	4.677 <sup>*</sup>	6.41
24-Parganas	I (1903-28)	4.207	0.009	0.001	0.734	8.146 <sup>*</sup>	2.09
	II (1929-33)	4.311	-0.025	0.006	0.520	-1.802 <sup>***</sup>	-5.59
	III (1934-41)	4.166	0.057	0.009	0.884	6.746 <sup>*</sup>	14.02



Districts	Periods	a	b	SE(b)	R <sup>2</sup>	T Value	Trend Rate of Growth: Per cent Per annum
Dhule	I (1903-28)	3.613	0.014	0.001	0.810	10.110*	3.28
	II (1929-37)	3.874	-0.022	0.007	0.617	-3.617*	-4.94
	III (1938-41)	3.757	0.070	0.026	0.792	2.756***	17.49
Mumbai	I (1903-28)	3.988	0.009	0.002	0.445	4.387*	2.09
	II (1929-37)	4.001	-0.015	0.010	0.262	-1.576***	-3.39
	III (1938-41)	3.911	0.113	0.025	0.913	4.579*	29.72
Nashik	I (1912-28)	4.146	0.014	0.002	0.787	7.368*	3.28
	II (1929-33)	4.268	-0.066	0.021	0.778	-3.240**	-14.10
	III (1934-41)	3.947	0.050	0.011	0.777	4.575*	12.20
Solapur	I (1912-28)	3.590	0.007	0.002	0.499	3.862*	1.62
	II (1929-33)	3.689	-0.050	0.022	0.623	-2.228***	-10.87
	III (1934-41)	3.505	0.036	0.006	0.875	6.473*	8.64
Waranasiri	I (1912-28)	4.009	0.006	0.002	0.368	2.954*	1.39
	II (1929-37)	3.748	-0.026	0.014	0.339	-1.893**	-5.81
	III (1938-41)	3.672	0.140	0.060	0.734	2.351***	38.04

Source : Statistical Returns (Annual/Triennial) of the Registration Department, (1903-41).

\* Significant at 1 per cent level.

\*\* Significant at 5 per cent level.

\*\*\* Significant at 10 per cent level.



Period II for the districts, mentioned above, is marked by a negative trend (significant at  $\angle 1$  per cent level) which seems to terminate in 1930 in Burdwan, in 1931 in Birbhum and Midnapore and in 1934 in Howrah. A strong positive trend (significant at  $\angle 1$  per cent level) is obtained for the districts for the subsequent period ending in 1941.

The rest of the districts of Burdwan division viz., Hooghly and Bankura, are characterised by a very different type of sales behaviour. As for Hooghly, a highly significant (at  $\angle 1$  per cent level) positive trend in the sales is found for the period 1903-27 which is much longer than period I for the districts of Burdwan, Birbhum, Midnapore and Howrah. The period of falling trend (significant at  $\angle 5$  per cent level) which lasted till 1937 makes the district of Hooghly distinctly different from the rest of the western Bengal districts in terms of its sales behaviour. A weak rising trend (with  $\angle 10$  per cent level of significance) is found for a very brief period from 1938 to 1941 for the district.

The registered sales of immovable property were very fluctuating over the entire reference period in the district of Bankura. The nature of fluctuations is also found to be different from that of in any other district. Unlike for other districts, the entire period has been divided into five sub-periods. The first sub-period from 1903 to 1911 is marked by a weak declining trend (significant at  $\angle 10$  per cent level). It is followed by two subsequent periods (1912-21 and 1922-27) of rising trend (significant at  $\angle 5$  per cent level). No significant trend is shown if these two periods are taken together. A very brief period of falling trend (significant at  $\angle 5$  per cent level) is



witnessed from 1928 to 1932. The subsequent period which continued till the end of the reference period shows a strong rising trend (significant at 1 per cent level).

Period I for all the reference districts of Presidency division coterminates in 1928. A strong positive trend (with  $\angle 1$  per cent level of significance) is obtained for the period 1903-28 for the districts of 24-Parganas, Nadia and Murshidabad. The subsequent period of falling trend is rather weak (significant at  $\angle 10$  per cent level) for both the districts of 24-Parganas and Murshidabad while it is quite strong (significant at  $\angle 1$  per cent level) for Nadia. The period of declining trend, as we obtain for the 24-Parganas, is relatively short. While the terminal year of period II, is 1937 for the districts of Nadia and Murshidabad, it is 1933 for that of the 24-Parganas. A rising trend (significant at  $\angle 1$  per cent level in case of the 24-Parganas, at  $\angle 5$  per cent in case of Murshidabad and Nadia) is obtained for the closing period for the districts. The period is, obviously, longer for the district of 24-Parganas than for the rest of the reference districts of Presidency division.

The most striking similarity in terms of the sales behaviour is found between the districts of Dinajpur and Jalpaiguri. The different sub-periods for the districts exactly overlap each other. In case of both the districts, period I (1912-28) is characterised by a rising trend, whereas period II (1929-33) shows a negative trend. A rising trend is obtained for the final period (1934-41). For both the districts of Dinajpur and Jalpaiguri the trends for periods I and III are significant at  $\angle 1$  per cent level, whereas, for period II, the trend is significant at  $\angle 5$  per cent level for Dinajpur and at  $\angle 10$  per cent level for Jalpaiguri.



The district of Malda shows a somewhat different sales behaviour, although period I for the district is characterised by a significant (at  $\angle 1$  per cent level) rising trend which terminates in 1928. The terminal year for period II for the district is 1937 which grossly differs from that of the rest of the reference districts of Rajshai division. However, the period is characterised by a falling trend (significant at  $\angle 5$  per cent level). The closing period (1938-41) is rather brief and is marked by a weak positive trend (significant at  $\angle 10$  per cent level) for the district.

The foregoing description of the trends in sales is more or less a discursive review of the sales behaviour marked by both spatial and temporal variations. The entire analysis is, therefore, summed up below to bring out the intricate nature of the sales behaviour over the time that is not uniformly segmented in spatial terms.

Divergence of trends is more prominent between the western Bengal districts on the one hand and the central and northern Bengal districts on the other than between the latter two groups of districts. As for example, the first two decades (approximately) witnessed an upward trend and almost the whole of the 1920's maintained a declining trend in the sales in case of the western Bengal districts (with the exceptions of Bankura and Hooghly) while the central and northern Bengal districts registered a rising trend almost till the end of the 1920's.

The period of declining trend is rather brief and spans almost exactly the years of depression in case of the central Bengal district of 24-Parganas and the northern Bengal districts



of Dinajpur and Jalpaiguri. The land market in the districts of Nadia, Murshidabad and Malda took a somewhat longer time to get rid of the depression and the sales are found to maintain a declining trend for the period 1929-37. In terms of sales on other land market in the reference districts is found to operate under such a lengthening shadow of the depression.

For the western Bengal group of districts R. O. G's vary between 1.62 per cent and 3.28 per cent during Period I. Bankura is the only district to attain a negative growth rate to the tune of - 1.60 per cent in the first decade of the century. The first two decades, if taken together, show no growth for the district. It may be recalled that the trend in the number of mortgage deeds has been found to be negative for the period 1903-14 in the same district. Hooghly is the lone western Bengal district to observe a positive growth till 1927 registering a 2.09 per cent ROG. The district's sales behaviour in this respect shows strong affinity to that of the central and northern Bengal districts. A striking similarity in terms of ROG between the districts of Hooghly, 24-Parganas and Murshidabad is observed for this period. All these districts seem to register a 2.09 per cent ROG. In this respect Nadia's sales behaviour is not much different from that of these districts excepting the fact that its ROG is higher and stands at 3.28 per cent. The rate is identical to what we have obtained for the district of Dinajpur for the period up to 1928. ROGs for the districts of Jalpaiguri and Malda for period I of rising trend are comparatively low and stand at 1.62 per cent and 1.39 per cent, respectively. ROG's in the sales varied between - 5.81 per cent and - 3.62 per cent for the districts of Hooghly, Nadia, Murshidabad and



Malda where the period of falling trend, as we have noted above, seem to begin from the end of the twenties and stay till 1937. The rates of decline are much higher for the districts of 24-Parganas, Dinajpur and Jalpaiguri where the trend is spread exactly over the years of the depression. The respective ROGs (in per cent) are -5.59, -14.10 and -10.87.

Land market in the western Bengal districts of Burdwan, Birbhum and Midnapore displayed tremendous resilience against the depression and registered highly positive growth rates of 5.20 per cent, 9.40 per cent and 11.94 per cent, respectively, for a period which started either from 1931 or from 1932 and ended in 1941. In most cases the period of rising trend in the sales began from a time when the district economies were well within the grip of the depression. The districts of Bankura, Howrah, 24-Parganas, Dinajpur and Jalpaiguri witnessed very high growth rates ranging between 6.41 and 14.02 for a period beginning either from 1933 or from 1934. Still higher ROGs are obtained for the districts of Nadia, Murshidabad and Malda where the closing period of rising trend is brief.

The combined impact of a number of legislative enactments, namely, the Bengal Tenancy (Amendment) Act of 1928, the Bengal Debtor's Act of 1935 and the Bengal Tenancy (Amendment) Act of 1937, deserves special mention in analysing the process of acceleration of sale of land and retardation of mortgages against immovable property during the period 1930-41. The provision under Section 26G of the 1928 Amendment to the Bengal Tenancy Act aimed at restricting the practice of a certain kind of land mortgage. The provision held that an occupancy-raiyat



might enter into a complete usufructuary mortgage in respect of his holding or of a portion or share thereof for a period which would not exceed fifteen years. It was also stated that no other form of usufructuary mortgage so entered into after the commencement of the Bengal Tenancy (Amendment) Act of 1928 should have any effect.

The unprecedented rise in the burden of debt, specially in the 1920s, and the swelling of the rank of the dispossessed peasantry called for state intervention in the field. The formation of the popular ministries in the provinces accelerated the government efforts through legislative enactments to restrict agricultural indebtedness during the 1930s. The Bengal Money Lender's Act of 1933 ruled out court decree on account of arrears interest, a sum greater than the principal. According to a provision of the Act, no moneylender should be permitted to recover interests on loans made after the commencement of the Act, by suit, any interest exceeding 10 per cent per annum if the contract provided for compound interest. Rates of interest exceeding 15 per cent in case of secured loans or 25 per cent in case of unsecured loans were deemed usurious under the Act.

[Huque : 1939, P.165]

### III

The Central Banking Enquiry Committee (1929-30) recommended the policy of debt conciliation and liquidation on a voluntary basis to be pursued by the Provincial Governments. This recommendation was given effect to under the Bengal Agricultural Debtor's Act of 1935. [Ibid. Pp.166-167] The Act provided for the establishment of Boards to attempt settlements between



a debtor and any or all of his creditors. The boards were supposed to persuade the creditors to accept a sum which the debtor was in a position to pay. The ordinary Boards had no power of compulsory settlement. Only the Special Boards could do that. [Ibid. P. 167.]

The Bengal Tenancy Act of 1937 provided for a terminable mortgage and limited the term to 15 years in accordance with the recommendations made by the Royal Commission on Agriculture regarding the necessity of having terminable mortgage deeds. The Bengal Debtor's Protection Amendment Act of 1937 contained a similar provision. The main object of these provisions was to prohibit mortgage deeds which contained the conditions for the sale of the mortgaged land by the agriculturist debtors and to prevent overborrowing by the small landholders by restricting the unlimited security involved in saleable rights in land. [Abhyankar : 1940, Pp.19-20.] The Bengal Moneylender's Act of 1940 imposed further restrictions on loans granted by the mahajans. The main objects of the Act were to register moneylenders and reduce interest rates. Under no circumstances debt could exceed twice the principal amount. Ceilings on interest rates were fixed at 8 per cent on secured loans and 10 per cent on unsecured loans.<sup>35</sup>

Series of legislative enactments, referred to above, hastened the process of contractions of credit. The older class of professional moneylenders started winding up their business mainly because they were unable to function, specially when the Bengal Moneylender's Act of 1933 came into force. The Preliminary Report of the BBEE indicated :



".... Moneylenders as a whole failed to collect any interest, much less any part of the capital of the outstanding loans during the last three years. Some of them might have sued their debtors in the Civil Courts, but owing to the absence of purchasers at a reasonable price, execution proceedings dragged on indefinitely..." 36

The impact of the depression on the land market is also expressed in this observation when it refers to the 'absence of purchasers' of land at 'reasonable prices'. It is to be noted in this connection that the enquiry was made in the years when the peasant economy had been well within the grip of the depression.

As regards the way in which the stratification of the peasantry was affected by the depression of the 'thirties Dietmar Rothermund makes an interesting observation. He starts with the hypothesis that in the earlier years the pattern of rural dependence had usually found its expression in terms of mortgages, but the depression led to contraction of credit and the mortgages were replaced by direct sales of land. He has noted in this connection that the prices of land were declining and the rich peasants grabbed the opportunity of buying land including the best plots that the peasants in distress had to part with. The tenancy legislations, as he claims, favoured the emerging pattern of polarisation in the peasant economy by protecting the upper strata of the tenantry which acquired occupancy titles from the peasants who had fallen in arrears in the payment of rent. The tenants with inferior land rights remained virtually unprotected and lost their lands to the rich peasants. [Rothermund, 1983; Pp.18-19] 7



A change in the pattern of rural dependence in terms of credit relations was rapidly taking place during the depression. With the decline in the traditional credit system a large majority of cultivators, specially the small peasants turned to the agriculturist creditors for grain loans.

There was a fairly high non-monetized demand for paddy leading to a greater volume of exchange in kind. The Bengal and Rice Enquiry Committee observed in this connection :

"paddy loans rather than cash purchases are the method by which they adjust the gap between their actual consumption and their consumable surplus. Except in a few jute-growing areas ... this was now the common practice in the countryside."  
[1940 : Vol, I, P.28]

This kind of transaction flourished quite perceptibly in some predominantly paddy-growing districts even before the onset of the Great Depression. During the first decade of the century grain debts in certain paddy-growing regions were found to be responsible for land alienations. It follows from Mc Alpin's special enquiry made in 1909 that the Sonthals in Bankura and other districts became the worst victims of this kind of usury.<sup>37</sup>

The depression of the 1930s created an atmosphere which was quite congenial to the growth of the kind of usury McAlpin referred to. The BBEE found that most of the expenditure of the agricultural families in the district of Bankura had actually been incurred in kind. The BBEE observed,



"the difficulties of the cultivator are not as great as they appear on paper, but it is a fact of great importance that the moneylender who used to serve as a shock absorber in times of economic crisis is no longer in a position to function in this capacity because he has no ready money to lend." [BBEE, Bankura : 1985, Part.III, P.10\_7

The evidence from the Sadar Circle, Midnapore, before the Bengal Provincial Banking Enquiry Committee (BPBEC), 1929-30, indicated the dearth of credit capital and the corresponding rise of paddy-lending in the region. The Circle Officer, Jaladhar Ghosh, observed,

"moneylending business is declining and there has been a tendency of corresponding rise in paddy-lending. There are very few Mahajans having capital of Rs.5,000/- each.

The evidence shows further,

"according to a rough estimate, the number of paddy-lending Mahajans would be about 10 in each 100 square miles with a capital of 1,000 to 5,000 maunds of paddy; as such paddy-lending business is predominating in this district." [BPBEC : 1930, Vol.2, Part.I, P.139\_7

The dearth of liquidity and the preponderance of kind loan was also indicated by the evidence of the S.D.O., Jhargram (Midnapore) before the BPBEC :



"Agriculturists borrow generally paddy from the paddy-lending mahajans in their villages or neighbouring villages, as the wages are generally paid for agricultural labour in paddy and not in cash in this sub-division. The bigger agriculturists borrow either cash or cash and paddy both. But cash borrowing represents less than 10 per cent of the total debts incurred for purely agricultural operations." [Ibid. P.118]

The sudden fall in the volume and value of mortgages in 1928, as shown by the Statistical Returns of the Registration Department for the relevant year, also suggests the declining significance of cash credit and lends strength to the assumptions referred to above. The rest of the reference period witnessed a continuous fall in mortgages and acute shortage of agricultural credit. Midnapore Zamindari Company in its oral evidence before the Land Revenue Commission (LRC), Bengal, stated,

"even though transfer might lead to a decrease in the value of land still transfer may be under present conditions unavoidable because agricultural credit has largely disappeared." [1940 : Vol.IV, p.257]

The dearth of liquidity and the distress sale of land towards the end of our reference period find corroboration in a few more qualitative evidence left out of the scope of the study.<sup>38</sup>

The noticeable increase in paddylending, several evidence of which are shown above, indicates the preponderance of the agriculturist creditors who replaced the professional moneylenders in the countryside in the 1930s. This new class of creditors belonged to the category of propertied peasantry



having surplus stocks of grains. Grain loans were given to release the surplus stocks of paddy the market for which remained depressed almost till the end of the 'thirties in most of the districts. These loans were repayable in kind and the rates of interest were, obviously, usurious. The 'jotedar' creditors would, therefore, invariably prefer to release the surplus stocks by loaning grain. In case of any loan default the creditor having obtained a court decree could buy the land of the borrower. This process of asset transfer was not unduly affected by the falling price of land in the 'thirties, because they could demand more land in repayment. If the debtor was left with no land to part with, he had to render free labour services to the creditor.<sup>39</sup> This kind of debt servitude is not found to be involved in the older type of credit-relations between a peasant borrower and a professional moneylender, because the latter, in most cases, was not a cultivator.

It is interesting to note in this connection that Eric Stokes observed that the debt servitude was deepest in the backward agricultural regions where the money-lenders appeared as alien intruder. Such regions, according to him, were marginal to the market economy and were characterized by uncertain rainfall, insecure agriculture and low population density. [Stokes : 1978, p, 245\_7] But, as we have already seen, the creditors who started dominating the rural capital market in Bengal during the later phase of colonialism were not alien intruders. They were, on the contrary, agriculturist creditors using the debt mechanism to extend their landownership. There had been an enormous rise in debt servitude during this period when the Bengal agriculture was largely market-oriented. The districts having dense population and dependably rain-fed land was also marked by high incidence of peasant indebtedness.



### Notes

1. In his 'Foreword' Jack [1916, p.5] mentioned that the statistics were collected between the years 1906 and 1910.
2. The implication of the term 'mahajan proprietor' is not much clear. It presumably refers to a mahajan enjoying landownership.
3. Cited by Chaudhuri [1975, p.108].
4. The period of settlement operations is mentioned against the abbreviated title of the survey and settlement report for each district.
5. See Table 17 of the paper.
6. The data showing net income, expenditure, debt and annual interest obligations of debt per sample family in the district have been computed from the table in the Bankura SSR, Appendix VI, Figures of total debt as well as annual interest of debt for 4 sample families were not stated. Figures of costs of food, tobacco, clothing and bedding for 1 sample family were also not given. In computing net income the amount paid on account of rent and cess in cash or produce had been deducted from the amount of total income. To arrive at the latter figure, income from cultivation and subsidiary occupations fishery, poultry, cattle raising (milk), making baskets and supplementary income from labour were taken into account. The figures of household expenditure included costs of food and tobacco as well as clothing and bedding. As regards the survey findings, Robertson (the Settlement Officer) commented, "the figures thus collected are not altogether satisfactory, for they present a picture which is almost impossibly depressing." See [GOB : Bankura SSR : 1926, P.22].
7. The view is more or less impressionistic since no estimates for the proportion of rent to produce in the district was made by the settlement authorities. For such estimates see Table 11 of the paper. For figures of money rent and comparative statements of incidence of rent per acre see para 27, p.20 and para 72, p.70, respectively, of the SSR.



8. In estimating the debt on the basis of the Registration figures an allowance was made for the fact that all the mortgage contracts were not entered into by the agriculturists alone.
9. Percentages of sales of occupancy holdings to different occupational classes are computed from the table in the Midnapore SSR, Appendix K.
10. The figures are computed from the table in the Midnapore SSR, Appendix L. The part of the table showing the proportions of the mortgaged areas (in acres) of occupancy holdings held by different occupational classes in the district of Midnapore is as below :

Mortgages with possession of occupancy holdings<sup>+</sup>

Area (in acres) held by mortgages of different classes in the district.

Total area (in acres) Mortgaged*	Landlord Class	Lower Class or those in service	Money lending class	Raiyat Class
6,834	249	159	1651	4775

\*The decimals are rounded up.

+Figures for the subdivisions as well as for the district are presented in the SSR. The latter set of data are reproduced in the above table.

11. Further details of the enquiry are shown in Appendices XII(a) and XII(b) of the Hooghly SSR.
12. The figures relate to the landed agricultural population with supplementary income in some cases.
13. Economic classifications of families are shown in Table IV, p.19 of the SSR. Table VIII, p.27 and Table X, p.28 of the report summarise the statistical findings concerning debt burden and the relationship between indebtedness and size of holding, respectively. The year of enquiry for each block is given in column 2 of the tables. A discussion made in



para 20 (pp.20-22) of the report reveals that the years shown in column 2 of the tables were terminal years of enquires made in the different sampling regions. The same discussion also indicates the locations of the sampling regions.

14. As regards the jotedar-creditors' motive in granting grain loans the Dinajpur SSR stated : "Probably there is a certain clement of charity in these grain loans. They are taken primarily not to pay for agricultural operations, but to provide subsistence for the borrower, who without the grain might have to go hungry. There is elasticity about repayment, and the system may be regarded not so much as 'rural credit' but as a form of poor relief by loan." (p.25).
15. The note adjoined to Table X (p.28) of the Dinajpur SSR claimed that there was a notable advance of debt among the landless class. The report does not seem to provide any data favouring the contention.
16. The Malda also noted that indebtedness among the Sonthals considerably decreased as the mahajans declined to advance money when Ch.VII A of the Bengal Tenancy Act was brought in force in 1923 (see 56, p.50).
17. Section IV, Part.I of the Ishaque Report presents the survey findings on debts and liabilities of the rural households in Bengal. It put the figure of total rural indebtedness in Bengal at Rs.150 crore. The debt per rural family was estimated to be Rs.134.30 and the per capita debt Rs.25.90. The total debt figures seem to be quite a bit higher than that of the BPBEC's estimated figures. The reasons for securing a higher debt figure, as the Ishaque Report adduced, are as below :
  - 1) "Our (Ishaque) figures include both agricultural as well as non-agricultural debt even though the percentage of the latter will be insignificant, 2) it is well known that 1928-29 was the year when Bengal was enjoying a boom in the just prices and that since then the rural population of the province have not been particularly well off. Indeed 1930-40 was a period of almost continuous depression in agricultural prices and though from 1941 onward agricultural prices began to rise, this could not have benefited the population of a



province which does not produce enough food for itself and has to buy from others. It is well known that taking the province as a whole, Bengal has been consistently a deficit province in the matter of food and even had to go through the famine of 1943 which was preceded by a short crop. In view of all these facts, the figure of 150 crores as the total indebtedness in Bengal in 1945 does not appear to be unreasonable."

Although the survey (Ishaque) estimates of total debt seem to be higher than the BPBEC's corresponding figures, the figures for debt per family, as worked out by the former, is much lower than the latter's corresponding estimates. The reasons for the difference, as the "Ishaque Report" put forward, was again its inclusion of both agricultural and non-agricultural debt and the rise in population from the time of the BPBEC's estimates. See [G.O.B. : 1946, Part.I, pp.55-56\_7.

18. Cited by S, Bose [1986, p.41\_7.
19. The relevant figures are shown in Table 13 of the paper.
20. Cited by Cooper [1984, p.79\_7.
21. Cited by Chaudhuri [1975, p.108\_7.
22. A number of BBEE District Bulletins (published in 1935) presented district-level estimates in detail. Of the available bulletins, only one, viz. the Bankura District Bulletin, is relevant to our reference area.
23. See Mukherji [1982, p.264\_7 for further details of this unpublished report.
24. Parts III and IV of the BBEE Bulletin (Bankura) with the title "Present Enquiries (1933-34) and their results" summarise the main findings as regards the debt position of the families surveyed. Although the period of enquiry was stated to be 1934 (vide p.9), it possibly meant the terminal year of the period. The enquiries presumably began in 1933 as it is suggested by the cover page title as well as the title of Parts III and IV of the bulletin.



25. The BBEE Bulletin (Bankura) furnished interesting data on paddy loans for the depression years. These have been shown in Section III of the paper to indicate the impacts of depression and legislative enactments on the trends and pattern of debt.
26. Cited in the Hoochly SSR, p.19.
27. For further details see the Hoochly SSR, pp.20-21.
28. For such evidence see Chatterjee [1982, pp.188-195].
29. A detailed account of the statistical basis of the estimates is given in Huque [1939, pp.126-129].
30. Cited by Mukerji [1977, p.371].
31. As regards the controversy whether the rent burden was heavier than that of other obligations of payments for the peasantry, Bose [1986, p.105] observes that in east Bengal in the early twentieth century annual interest payments were certainly a much heavier burden than annual rent payments.
32. Abdullah [1980, p.26] has worked out the correlation coefficient between sub-infeudation (S) and rental burden on peasantry (R) in order to test Bhaduri's contention that the former increased the latter.
33. Although secured loans accounted for 20 per cent of the total loans in the district of Nadia, it was estimated to be 80 per cent of the total for Kushtia (a place within the same district). It was not, however, mentioned whether the place referred to the entire sub-division area or the sub-division town. Furthermore, the percentage of secured loans was shown to be 20 for a small region, viz. Naihati, of the district of 24-Parganas for which no data are available in the Report. It should also be noted that the proportion of secured loans to unsecured loans, the BPBEC observed, was fairly low in most of the east Bengal districts for which it obtained the data.

S.P. Bose's survey made in 1933-34 put the percentage of secured loans in terms of their value at 80.2 per cent for the sample villages in South-west Birbhum. See Bose [1937, p.152].



34. The time-series of the annual average of the retail price of common rice have been computed from the fortnightly quotations of retail prices published in the Supplement to the Calcutta Gasettee for the reference period. Since the data were collected at the end of every fortnight from a number of market centres in each district, they seem to be qualitatively better than the so-called harvest price data appeared in the Season and Crop Reports (presumably collected from the district head-quarters), although the same official agency was employed to collect both sets of data.
35. While commenting on the Money-lenders' Bill of 1939 (which fixed interest rate on secured loan at 8 per cent and on unsecured loan at 10 per cent) the LRC, Bengal [1940, Vol.I, pp.156-57] indicated : "The difficulty of enforcing these rates is that a money-lender can always evade the law by entering in the bond a larger sum than the actual loan. Some difficulty may also arise in enforcing the provisions of the Bill in the case of persons who are not by profession money-lenders, but who make advances of money or paddy to their tenants or bargadars. It is the general practice in Jalpaiguri district that adhiars are financed by jotedaras."
36. Cited by Mukherji [1986, p. PE17].
37. See BBEE [1935, Bulletin, District Bankura, Part.II, pp. 8-9].
38. For such evidence see Mukherji [1986, pp. PE16-PE18]. Also Chatterjee [1982, pp. 188-190].
39. For further discussion on the conditions of paddy loans and how the situation in the 'thirties favoured the growth of this kind of lending see Mukherji [1986, pp. PE17-PE18].



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