

## CHAPTER VI. BANKING, TRADE AND COMMERCE.

### HISTORY OF INDIGENOUS BANKING IN THE DISTRICT.

The following is an extract from the Final Report on the Survey and Settlement operations in the Champaran District in the years 1892—1899 :—

“ In Champaran the population is sparse and the available land plenty; the landlords are big and all-powerful, their tenants ignorant, apathetic and improvident, who have not been compelled by circumstances to learn the value of tenant right and who when get into difficulties, throw up their land and go elsewhere..... The money-lender in Muzaffarpur is usually a well-to-do *raiyat*, resident in the village. The people are very thrifty and fairly intelligent and set a very high value on their occupancy rights. The landlords are for the most part, petty, and although they usually claim that their sanction to transfer by sale is necessary, they advance the claim merely in the hope of getting *salami*. In Champaran, on the other hand, the money-lenders are as a rule non-resident and non-agriculturists. The people, as I have said are ignorant and thriftless, while the landlords, being big and powerful have always exercised the right of refusing such transfers, and the civil courts have accepted this right as existing. Where landlord is plentiful and cultivators scarce, it is quite just and proper that landlords should exercise this right, for the cultivators, if impoverished, do not hesitate to leave their estates and go elsewhere to start afresh ”.

The quotation throws light on the condition of the people and their agricultural resources. The landlords usually supplied money against mainly the future specified crops and on the insistence of bonded labour, etc. Dr. Hunter's Statistical Account of Champaran mentions that “ the people of Champaran as a rule are badly off. The whole agricultural population is in debt to the *mahajan* or money-lender, who has advanced money or grain on the security of next crop ”.

In the rural economy, the village *mahajans* have always played an important role. They have been the first and somewhere also the last resource. The rate of interest has differed from time to time very nearly between 10 per cent and 50 per cent. Regarding the provision of credit and the rate of interest, W. W. Hunter in his Statistical Account of Champaran, published in 1876, mentions that “ it is supposed that the balance of trade is in favour of Champaran and that coin is being accumulated in the district. The profits of trade are almost entirely used as capital in money lending. Estates are rarely bought or sold, as almost the whole district is the property of three great landowners. In small transactions, when an article is pawned, 12 per cent is taken. In large transactions, where

property is mortgaged, from 9 to 12 per cent. But in grain advances where the security is the next crop, the rate charged is 50 per cent. There are several considerable banking establishments in the district, principally branch firms from Patna and Muzaffarpur; but loans are largely conducted by the village *mahajans*". The time allowed for the final consideration has also varied according to the local conditions.

Since the first quarter of the nineteenth century the planters have also played a significant role in the rural economy of the district. They used to advance money against the cultivation of indigo on a certain proportion of land later compulsorily fixed at three-twentieth part of their land holdings. Sometimes they assisted in the general demands also. Every *Kothiwalla Saheb* used to give money as loan and this was one of the methods to get hold of consolidated blocks of land. Advances against verbal promises to give future indigo produce were also given, although this system did not last long and the contracts as such were always made in black and white.

Besides the credit facilities discussed, the State usually came to assist the peasants in times of need by giving *taccavi* loan or land improvement loans or the agriculturists loans, etc. Rather after the Muslim advent in India, it gradually came to be a State policy to help the tenants financially.

#### GENERAL CREDIT FACILITIES AVAILABLE IN THE DISTRICT.

The general credit facilities available for financing agriculture and other miscellaneous needs of the district at present (1959) can be classed under the following heads :—

- (i) Individual Capitalists.
- (ii) Indigenous Bankers.
- (iii) State Bank of India.
- (iv) Joint Stock Banks,
- (v) Co-operative Societies and Banks,
- (vi) Government Aids and Loans.

The money-lenders of the district may be classified into rural and urban, professional and non-professional, itinerants and others. The distinction between rural and urban money-lender is based purely on their areas of operation. The difference between a professional and non-professional money-lender is very important. The first primarily combines his business with other trade, whereas the latter who are landowners, well-to-do agriculturists, pensioners and widows, lend money on a good security to those who are fairly well-known to them. The itinerant money-lenders are the Pathans and Kabulis.

It is very difficult to give any reliable statistics of the number and volume of business of the money-lenders. However, the Bihar and Orissa Provincial Banking Inquiry Committee (1929-30) found the number of urban money-lenders paying income-tax to be 90 and

that of rural money-lenders 190 in this district. These were tentative figures. The number of registered money-lenders in 1952 and 1953 were 420 and 1,501, respectively, by the end of the year, as mentioned in the *Statistical Handbook*, 1955.

#### THE INDIGENOUS BANKERS.

It is difficult to distinguish between indigenous bankers and money-lenders because in many cases they are one and the same person. The Bihar and Orissa Banking Inquiry Committee (1929-30) lays down that indigenous banker in addition to lending money uses the machinery of credit to raise money by accepting deposits or drawing and discounting *hundis* in the money market and are popularly known as shroffs and their number is not above 15. Many of these are Marwaris and mostly live in Bettiah and Motihari and engage themselves in the trading in grains or cloth or both. The rate of interest charged by the indigenous bankers ranges between 6 to 9 per cent and rarely goes beyond 8 to 12 per cent per annum, whereas the money-lender commonly charges 8 to 12 per cent per annum. This difference crops up mainly due to somewhat lesser security of payment to the money-lenders than that of the bankers or shroffs inasmuch as the money-lenders do not encircle their loans with strict legal encumbrances and thereby command lesser fear among the debtors for balances due.

A shroff finances his business with his savings and if occasions demand, he borrows from the Commercial Banks and Co-operative Banks. The indigenous bankers receive deposits from the public either on current account or for fixed terms and pay interest on them at rates varying between 3 and 9 per cent per annum. The rate at which *hundis* (trade bills and agricultural papers) are discounted by them varies from 4 to 14 per cent per annum. It is estimated that by the year 1952-53 capital worth some two lakhs of rupees were invested in this business.

*The factories and the merchants.*—The factories, specially the sugar factories of the district give advances for sugarcane to the growers. Such advances are known as *Dadani*. Generally the growers of the reserved areas get *Dadani* directly from the factories or indirectly through the Canegrowers' Co-operative Societies. Similarly, merchants also extend advances to the farmers for crops and to the manufacturers for their goods. These advances form a substantial part of the total finance of the district. It is not possible to know the average amount annually advanced by the sugar factories

#### *Indebtedness, rural and urban and the extent to which usury is prevalent.*

The agriculturist, always a man of small means is absolutely dependent on market prices, determined by forces he cannot control. His requirements for cash are for various purposes, e.g., for purchase of seed and livestock and payment of land revenue, etc.

It is difficult to ascertain the extent of indebtedness of the district but some idea may be had from the statements below :—

## STATEMENT I.

*Statement showing the number of licenses registered for the first time during the year, number of licenses at the end of the year and amount of loan advanced under the Bihar Money-lenders Act during the year.*

| Year.                 | No. of licenses registered for the first time during the year. |        | No. of licenses in force at the end of the year. |        | Amount of loan advanced. |                 |                   |                 | Total.      |
|-----------------------|----------------------------------------------------------------|--------|--------------------------------------------------|--------|--------------------------|-----------------|-------------------|-----------------|-------------|
|                       | Rural.                                                         | Urban. | Rural.                                           | Urban. | With security.           |                 | Without security. |                 |             |
|                       |                                                                |        |                                                  |        | In urban areas.          | In rural areas. | In urban areas.   | In rural areas. |             |
| 1                     | 2                                                              | 3      | 4                                                | 5      | 6                        | 7               | 8                 | 9               | 10          |
|                       |                                                                |        |                                                  |        | Rs.                      | Rs.             | Rs.               | Rs.             | Rs.         |
| 1949-50 .. Both heads | 232                                                            | ..     | ..                                               | ..     | 1,30,61,109              | ..              | 2,27,228          | ..              | 1,32,88,337 |
| 1950-51 .. Ditto      | 244                                                            | ..     | ..                                               | ..     | 1,97,09,132              | ..              | 1,18,112          | ..              | 1,98,27,244 |
| 1951-52 .. Ditto      | 229                                                            | ..     | ..                                               | ..     | 1,86,30,805              | ..              | 79,922            | ..              | 1,87,10,727 |
| 1952-53 .. 65         | 202                                                            | 420    | 1,501                                            | ..     | 52,89,613                | 74,88,459       | 1,04,489          | 1,23,280        | 1,30,05,836 |

## STATEMENT II.

*Statement showing the amount advanced under Land Improvement Loans Act, 1883, and Agriculturists Loans Act, 1884.*

|         | Land Improvement Loans Act, 1883<br>(in rupees). | Agriculturists Loans Act, 1884<br>(in rupees). |
|---------|--------------------------------------------------|------------------------------------------------|
| 1947-48 | 700                                              | 2,85,062                                       |
| 1950-51 | 2,62,010                                         | 6,60,790                                       |
| 1953-54 | 5,36,558                                         | 84,72,919                                      |

## STATEMENT III.

*Mortgage Loans and Simple Loans (figures in rupees) for the district of Champaran.*

|      |    |    |    |             |
|------|----|----|----|-------------|
| 1944 | .. | .. | .. | 96,63,594   |
| 1945 | .. | .. | .. | 93,74,379   |
| 1946 | .. | .. | .. | 1,01,97,413 |
| 1947 | .. | .. | .. | 1,41,32,054 |
| 1948 | .. | .. | .. | 92,87,700   |
| 1949 | .. | .. | .. | 1,14,49,402 |
| 1950 | .. | .. | .. | 1,80,19,062 |
| 1951 | .. | .. | .. | 2,17,27,391 |
| 1952 | .. | .. | .. | 1,26,96,728 |
| 1953 | .. | .. | .. | 1,20,72,152 |
| 1954 | .. | .. | .. | 1,24,30,779 |
| 1955 | .. | .. | .. | 77,89,578   |
| 1956 | .. | .. | .. | 99,83,259   |

(i) The reason for sudden rise in the loan figure in 1951 in Statement III is reported to be food crisis and scarcity.

(ii) The reason for the sudden drop in 1952 in the figures of loans against land is reported to be the fear of the people that the mortgaged land will be automatically redeemed after 15 years.

(iii) The further fall in 1955 is reported to be on account of—

(a) fear of the fixation of ceiling on land made the moneyed class disinterested in land;

(b) loans from Government at cheaper rates were available;

(c) Gratuitous relief was being given on a considerable scale.

(iv) The reason for the increase in 1956 appears to be due to the following reasons :—

(a) the prices of foodgrains were high;

(b) big landholders disposed of their land for fear of fixation of ceiling.

#### STATEMENT IV.

*Statement showing the number of raiyati holdings having occupancy rights transferred by registered deeds of sale in the district.*

| Year.      | Entire. |                                 | Consideration money<br>(in rupees). | Part area transferred.              |  |
|------------|---------|---------------------------------|-------------------------------------|-------------------------------------|--|
|            | No.     | Area transferred<br>(in acres). |                                     | Consideration money<br>(in rupees). |  |
| 1          | 2       | 3                               | 4                                   | 5                                   |  |
| 1950 .. .. | 1,430   | 4,202.80                        | 23,58,676                           | 1,32,36,141                         |  |
| 1951 .. .. | 1,133   | 1,802.77                        | 11,85,026                           | 1,33,54,664                         |  |
| 1953 .. .. | 1,104   | 1,590.99                        | 13,45,804                           | 1,65,48,917                         |  |
| 1954 .. .. | 1,039   | 1,626.33                        | 5,86,164                            | 1,44,61,846                         |  |
| 1955 .. .. | 548     | 980.34                          | 3,72,109                            | 1,48,04,084                         |  |

Regarding the extent of indebtedness, the quotations below throw some light.

One hundred and seventy-sixth paragraph of the *Survey and Settlement Report, 1913-1919*, mentions regarding the transfer of occupancy rights, "that there have been 31,125 sales comprising 40,733 acres, the amount paid being Rs. 32,38,466 and the average rate Rs. 79-8-0 per acre. The area sold is 2 per cent of the acre held

by *raiya*ts with occupancy rights..... The transferees are distributed as below :—

|                            | Per cent. |
|----------------------------|-----------|
| To landlords .. .. .       | 1.3       |
| To lawyers .. .. .         | 1.5       |
| To money-lenders .. .. .   | 46.2      |
| To <i>raiya</i> ts .. .. . | 51        |

“The last settlement statistics were not quite complete and the value of comparison is therefore reduced, but the following figures are of interest :—

|                            | Number of sales. | Area sold. | Prices paid. | Rates per acre. |
|----------------------------|------------------|------------|--------------|-----------------|
| 1                          | 2                | 3          | 4            | 5               |
|                            |                  | Acre.      | Rs.          | Rs. a. p.       |
| Last Settlement .. .. .    | 4,398            | 10,603     | 3,59,279     | 34 0 0          |
| Present Settlement .. .. . | 31,125           | 40,733     | 32,38,466    | 79 8 0          |

“There have been usufructuary mortgages covering 1,04,552 acres, the amount advanced being Rs. 83,75,054 and the average rate per acre Rs. 80. The important figures at both the settlements are compared in the statement below :—

|                            | Area mortgaged. | Amount advanced. | Rate per acre. |
|----------------------------|-----------------|------------------|----------------|
|                            | Acre.           | Rs.              | Rs. a. p.      |
| Last Settlement .. .. .    | 25,235          | 10,79,712        | 42 12 7        |
| Present Settlement .. .. . | 1,04,552        | 83,75,054        | 80 0 0         |

“The mortgages are distributed as follows :—

|                                       | Per cent. |
|---------------------------------------|-----------|
| Landlords .. .. .                     | 8         |
| Lawyers and those in services .. .. . | 2         |
| Money-lenders .. .. .                 | 58        |
| <i>Raiya</i> ts .. .. .               | 32        |

“Taking the complete figures for sales and so much of the mortgage figures as related to *raiya*ts, we find that in 10 years 1,21,978 acres or 8 per cent of the area held by *raiya*ts have been transferred.

"The chief conclusions that follow from the transfer figures are :—

- (i) that transfers are four times as prevalent as 20 years ago;
- (ii) the market value of land has gone up by nearly 100 per cent;
- (iii) that mortgages fetch more than sales;
- (iv) that a very large proportion of land goes to money-lenders.....

In the 1898 figures 40 per cent of all transfers were made to money-lenders. In the new statements 46 per cent of the number of sales and 58 per cent of the area mortgaged have gone to that class."

The quotation points to certain other characteristics of the whole system of lending and borrowing in this district, specially when these figures are set against the three statements from the Statistical Hand-book quoted before

The following features are suggested :—

- (i) that loans advanced by money-lenders at least cover near about half the total loans advanced in the district;
- (ii) that transfer of occupancy rights, mostly culminates into the settlement of debts;
- (iii) that the indebtedness of the district has been increasing, transfers in the period 1913—1919 being four times as prevalent as 20 years ago;
- (iv) the loans taken are mostly unproductive and later have to be paid from the original capital or other assets, of land or buildings or through bonded labour and so on. The Bihar and Orissa Provincial Banking Inquiry Committee (1929-30) mentions that 18 per cent of the total amount borrowed are for paying off old debts;
- (v) that the incentive to endeavour for increased output has been marred either through the loss of market or through the failure to compete with the foreign goods.

As to the actual extent of indebtedness in the year 1950-51 Rs. 1,98,27,244 or approximately 2 crores were the total amount of loans advanced under the Money-lenders Act, either with security or without security. This may be taken to be at least half the amount of total of all types of loans. Moreover, as is seen through the figures of other years in the table, that this amount of loan recurs with some increase or decrease, it may be said with a certain amount of definiteness that on average the indebtedness of the whole district at present (1959) has been somewhere between  $3\frac{1}{2}$  to 4 crores.

But from another point of view the total of the loan in the year 1950-51 in all the four statements above comes to Rs. 5,58,32,099 and suggests the average total indebtedness of the district to somewhere about 6 crores of rupees.

Another estimate may be made about the indebtedness of the district on the basis of Bihar and Orissa Provincial Banking Inquiry Committee Report (1929-30) and a reply of the Government of Bihar to the Bengal Famine Enquiry Commission (1944-45).

The Bihar and Orissa Provincial Banking Inquiry Committee had estimated the total indebtedness to be Rs. 155 crores and Rs. 31 average per agriculturist. In reply to a question of the Bengal Famine Enquiry Commission regarding the rural indebtedness of Bihar before the War the Government roughly estimated it at Rs. 148 crores.

Now if we modestly take the average burden per agriculturist to be Rs. 30, the total rural indebtedness of Champaran district comes to Rs. 10.3 crores. Along with urban indebtedness the figure will considerably go up. It is fortunate that the indebtedness is not showing signs of quick liquidation.

*Role of private money-lenders and financiers, old and renowned families and highly prominent figures.*

In the district of Champaran, the banking organisation has not yet permeated the rural financial system. The part played by the commercial banks in agricultural finance was confined more to bigger landlords who possessed tangible marketable securities. The co-operative movement has covered a very small ground. The State has restrained its system of loans, more or less, to emergency aids. Since the time we have record till now, the money-lender has been occupying a pivotal position in the structure of the rural and urban finance.

But the second quarter of the twentieth century saw the promulgation of certain Acts like Usurious Loans Act, Money-lenders Act, etc., which tried to assuage the miserable situation of the debtors as a whole.

The Government of Bihar passed Bihar Money-lenders Act in 1938 to protect the farmers from the clutches of the village *mahajans*. By this Act, the money-lender is required to register himself and obtain a license for carrying on his business. He is also required to maintain regular account books and to furnish each debtor periodically, a signed statement of accounts in respect of each loan transaction showing the outstanding amount of principal and interest and the amount of every payment received from the debtor. The usual penalty for failure to keep accounts is the loss of interest and even of the costs of suits for the recovery of arrears. The entry of fictitious amount in excess of the actual amount of loan has been



declared to be punishable offence. The Act has fixed the rate of interest as follows :—

|                    | Secured loan.        | Unsecured loan.        |
|--------------------|----------------------|------------------------|
| Single interest .. | 9 per cent per annum | 12 per cent per annum. |
| Compound interest  | Prohibited           | Prohibited.            |

The rates of interest on different types of loans have now been legally fixed at a reasonable level. The money-lenders have to maintain a systematic account of the debts given and the accounts thereof.

#### STATE BANK, JOINT STOCK BANKS AND OTHER LOAN AND INVESTMENT COMPANIES.

So far as the development of modern banking is concerned, the district lags far behind the others in the State. The Joint Stock Banks and limited companies are few and far between. The State Bank of India, Central Bank of India, and the Bank of Bihar operate in the district through their branches.

The State Bank of India, accepted also as the Banker of Government, has got two full-fledged branches in the district, one at Motihari and the other at Bettiah. It has also a Pay-office at Raxaul. Though the chief business of the Bank is Government work, every effort is being made to explore the opportunities for expansion of local trade and commerce.

The Bank of Bihar with its head office at Patna has got a branch office at Motihari. On the 31st December, 1952, the reserve fund of the Bank amounted to Rs. 15,17,290 and its paid up capital was Rs. 35,07,225. And in the year 1957 (by 15th November 1957), its total deposits were Rs. 32,00,000 and total advances Rs. 4,00,000. The advances made by the Bank were chiefly against sugar, cotton piece goods, foodgrains, etc.

The Central Bank of India, Ltd., has two branch offices in the district, one at Motihari and the other at Bettiah. It has also a Pay-office at Raxaul. The reserve fund and other reserves of the Bank amounted to Rs. 3,98,30,808 on 30th June 1951. Total deposits of the Bank were Rs. 5,12,000 as on 15th November 1957 and the total advances Rs. 23,15,000 as on 23rd November 1957. The advances made by the bank were as follows :—

|                                          | Rs.       |
|------------------------------------------|-----------|
| (i) Against foodgrains and oils, etc. .. | 24,000    |
| (ii) Turmeric .. ..                      | 14,000    |
| (iii) Kirana goods .. ..                 | 5,000     |
| (iv) Cotton piece goods .. ..            | 1,35,000  |
| (v) Sugar .. ..                          | 13,80,000 |
| (vi) Other composite advances .. ..      | 70,000    |

Both the Banks, i.e., the Bank of Bihar, Ltd., and the Central Bank of India, Ltd., are scheduled banks. The liabilities of these joint stock banks are their capital, reserve and deposits. The ratio of cash to deposits of the Bank of Bihar, Ltd., was 36 per cent on 31st December, 1952. The assets of the two banks consist of (i) cash, (ii) bills discounted, (iii) Government and other securities, (iv) loans and advances to individuals, firms and the money market and (v) fixed properties like building.

The usual business of the two banks consists of (a) receiving deposits of all kinds; (b) discounting internal bills and *hundis*, advancing loans against approved stocks and shares. They also allow limited overdrafts to approved customers for short period; (c) transmitting funds from one place to another on behalf of customers through bank drafts and letters of credit; (d) purchasing and selling of shares for clients on a commission basis; (e) keeping documents and jewellery in safe custody.

In fact they finance the internal trade but they have very little to do with the marketing of agricultural products. They sometimes give loans to big cultivators against the security of crops. The advances made in 1957 suggest the following :—

- (i) A bank of so high a standing and resources like that of the Central Bank of India, Ltd., whose capital amounted to Rs. 3,98,30,808 on 30th June 1951, made total advances of only Rs. 23,15,000 in the district.
- (ii) Only sugar and the cotton piece goods items, show an advance of money covering some lakhs, otherwise all the rest show quite below even half a lakh, rather even below quarter of a lakh. The foodgrains take only Rs. 24,000, turmeric Rs. 14,000 and *kirana* goods Rs. 5,000. This indicates that the sugar industry is the only major sector which is benefited by the banking system, taking Rs. 13,80,000. This is followed by the cotton piece goods items which take Rs. 1,35,000, but inasmuch as the advances on this head are quite scattered because of so many petty establishment for the sale of cotton piece goods, the amount cannot be said to be significant.
- (iii) The foodgrain item taking only Rs. 24,000 and the turmeric, Rs. 14,000, explain the importance and consumption of turmeric, by the people and somewhat a canalised trade in this commodity.

#### *Co-operative Credit Societies and Banks.*

On the 25th March, 1904, the first Co-operative Societies Act was enacted and immediately after this the then Manager of the Bettiah Estate, late Mr. G. E. Rutherford, as an honorary organiser

got the first of the co-operative societies registered. After a few years Mr. Haltum of Loheriah and Mr. Gordon of Moorla organised a number of co-operative societies in this district. But considerable momentum, in the co-operative movement, was given by Reverend G. J. Hodge of Motihari with the help of the then Sadar Subdivisional Officer, late Sayed Izhar Hussain, who organised the first co-operative society in the village Chattauni under Motihari police-station and later on till his departure in the year 1930, continued to give his full energy and time for the uplift of this organisation.

With a beginning as above, at present there are two Central Co-operative Banks in the district, one at Motihari and the other at Bettiah. The Motihari Central Co-operative Bank, Ltd., was registered in the year 1919 and the Bettiah National Co-operative Bank in 1921.

The co-operative movement made some rapid progress till 1930, but its activities were strictly restricted to financing the primary societies. By 1929 and for a few years afterwards, owing to depression and fall of the prices of the agricultural output, both the Central Banks began to feel difficulty in realising the loans from its members and this was a hindrance in allowing further advances to the members of the affiliated societies. The great Earthquake in the year 1934 brought in further troubles for the societies. As a result, a considerable number of societies became inactive and a number of them were put under liquidation—40 under Motihari Central Co-operative Bank and 20 under Bettiah National Co-operative Bank.

In 1930, the then Registrar, Co-operative Societies, drew up a scheme for rehabilitation of co-operative societies and on Government's approval an enquiry was made into the condition of all the rural societies of Motihari and Bettiah numbering 135 and 119, respectively and the two Banks of this district. The rate of interest which was  $12\frac{1}{2}$  per cent to  $18\frac{3}{4}$  per cent was reduced to 7 per cent and  $8\frac{3}{4}$  per cent on secured and new loans, respectively. Secured loans were spread over a period of 20 years for payment by *kist*. The members who were retained were also allowed fresh crop loan of  $8\frac{3}{4}$  per cent interest. The members who had no repaying capacity were termed eliminated and an estimated recovery from them was fixed which was to be realised from them amicably. In this way the societies were reconstructed.

As a result of this reconstruction, the Government took upon itself the responsibility of running the Central Banks on sounder lines. The Government further agreed to wipe out the accumulated loss of the Banks as was disclosed in the Reconstructed Audited Balance Sheet and also took upon itself to meet the running losses if any of these two Banks for five years, following the reconstruction of the Banks through the Bihar State Co-operative Bank, Ltd., Patna, which was then named as Provincial Co-operative Bank, Ltd.

Between 1948 and 1952, the banks took up the trading activities in the business of controlled commodities (i.e., sugar, salt, kerosene oil, cloth, etc.). This business meant a great fillip and a considerable number of co-operative societies were organised during this period to take up the business. In 1952, the Government withdrew the control over cloth and as a result the outstanding stock of cloth in both the Banks and Societies became a problem for being disposed of and actually the Banks had to sustain a loss in the sale of cloth in the open market. However, through financial assistance in the shape of subsidy, rebate and purchase of shares, etc., the co-operative movement in the district has been able to assist the public to some extent. By the end of June, 1957, the Sadar and Bettiah subdivisions had the following types of co-operative societies scattered all over the district :—

*Motihari Subdivision.*

|                                                   | No.   |
|---------------------------------------------------|-------|
| 1. Multi-purpose Co-operative Societies ..        | 307   |
| 2. Credit Co-operative Societies ..               | 22    |
| 3. Fishermen's Co-operative Societies ..          | 3     |
| 4. Weavers' Co-operative Societies ..             | 16    |
| 5. Co-operative Stores ..                         | 14    |
| 6. Central Non-credit Society ..                  | 1     |
| 7. Vishwakarma Industrial Co-operative Society .. | 1     |
|                                                   | <hr/> |
|                                                   | 364   |

*Bettiah Subdivision.*

|                                                   | No.   |
|---------------------------------------------------|-------|
| 1. Multi-purpose Co-operative Societies ..        | 155   |
| 2. Credit Co-operative Societies ..               | 15    |
| 3. Fishermen's Co-operative Societies ..          | 2     |
| 4. Weavers' Co-operative Society ..               | 1     |
| 5. Co-operative Stores ..                         | 10    |
| 6. Harijan Co-operative Societies ..              | 3     |
| 7. Vishwakarma Industrial Co-operative Society .. | 1     |
| 8. Amla Co-operative Society ..                   | 1     |
| 9. Oilmen's Co-operative Societies ..             | 6     |
| 10. Vikash Mandal ..                              | 4     |
| 11. Canegrowers' Co-operative Societies ..        | 267   |
| 12. L. S. Multi-purpose Co-operative Society ..   | 1     |
|                                                   | <hr/> |
|                                                   | 466   |

The different types of activities of the co-operative societies as discussed above and the number of them given in the table do show the growing consciousness of the people towards the co-operative movement, but as regards the provision of finance through this channel to the economy of the district, the picture does not look so

fascinating as it ought to be. The movement seems to be struggling for continuation and healthy growth. However, efforts are already being made to expand its scope and activities.

#### GENERAL AND LIFE INSURANCE.

Previous to the nationalisation of the insurance business, a large number of insurance companies had their agents and representatives all over the district but none of them had set up any branch office. But now all have merged into the Life Insurance Corporation of India.

The most prevalent forms of insurance business are under the following heads: (a) Life, (b) Fire and (c) Motor Car Insurance. Generally the sugar factories have got their buildings insured under fire insurance scheme. Like other districts, here also agricultural and crop insurance have not begun as yet.

There was no branch of the Life Insurance Corporation in the district. It was being controlled by the branch office at Darbhanga, with field officers and agents spread over the entire district of Champaran. One Assistant Branch Manager (Development) has been, however, posted here recently (1958) and one sub-office under his charge is being opened very shortly. There are ten field officers (salaried) and a little over 200 agents working in the district out of which 75 are active. Till the year 1958, 985 policies have been accepted and are in force with a sum of Rs. 43,15,000 assured.

#### STATE ASSISTANCE TO INDUSTRIAL DEVELOPMENT.

So far as the State assistance to industries is concerned, not much headway has been made, though a few industrial loans to Harijans have been made and some particular factories of sugar and button have been given aid. This has also been dealt with in the "Industries Department" of the chapter "Other Departments", and the following list which shows the amount of assistance given to different private undertakings in this district in the First and the Second Five-Year Plans, all the more clarifies the position :—

##### *Within the First Plan—*

- Rs. 16,624 as a loan for the development of Agricultural Implements manufacturing units.
- Rs. 14,000 as a loan for the development of Gur Industry.
- Rs. 3,000 as a loan for the development of Local Press.
- Rs. 4,000 as a loan for the development of other industries.

##### *After the First Plan till 1958—*

- Rs. 2,54,423 for the Model Tannery at Bettiah, a State Government undertaking.
- Rs. 10,826 (during 1958-59) for manufacturing and training units of leather goods.
- Rs. 2,053 (during 1958-59) as contingent expenses for the handicrafts scheme.

A sum of Rs. 62,947 has been sanctioned by the District Magistrate of Champaran under the Bihar State Aid to Industries Act, 1956, for starting and development of small-scale and cottage industries. The Subdivisional Officer, Sadar, has granted loan amounting to Rs. 24,196 under the same head during the year 1958-59.

#### TRADE AND COMMERCE.

##### *Courses of Trade.*

The position of Champaran on the map of Bihar has a particular significance for trade and commerce. The district is connected at two points with Nepal by railway. The railway line running due north from Sugauli terminates at Raxaul on the border of Nepal, from where Birganj, the second biggest town of Nepal and an important trading centre, is only a mile off. This railway line affords facilities for transport of rice, timber and other commodities to the territory of the Indian Union and cotton piece goods, spices and other manufactured goods from India to Nepal. The railway line of North-Eastern Railway affords a connection with the Nepal Light Railway.

The other section of North-Eastern Railway line running from Mehsi to Bhikhna Thori also touches Nepal near the latter place and affords facilities for transport of commodities. Besides, there are several road routes connecting the district with Nepal. Champaran district has a considerable mileage on the Nepal frontier. The boundary is marked by masonry pillars and often runs through jungle. The points of contact are not under any effective check and a considerable trade is reported to be done both ways by head-load and light bullock-carts.

The district is well connected with the districts of Darbhanga and Muzaffarpur by both rail and road. Champaran is also connected with Saran and Gorakhpur by road. The previous railway connection of Champaran with Gorakhpur has been suspended since the collapse of the railway bridge at Chhatauni Ghat in 1924. The proposal to restore the bridge has not yet been implemented.

The district is intersected by several rivers, but for trade purposes none, except Gandak, is useful. The river-borne traffic through Gandak also is not very considerable. The district is predominantly agricultural and has a more pronounced internal trade. The commodities entering in the internal trade include foodgrains, salt, spices, tea, cotton, woollen and silken piece goods, coal, kerosene oil, petrol, cosmetics and other luxury goods, cycles, radio receiving sets, crockeries, suit cases, iron and steel, etc. The commodities that enter into the external trade include foodgrains, pulses, turmeric, saltpetre, *khari* salt, oilseeds, sugar, molasses, jute, timber, railway sleeper, ballast, stone chips, button, leather boxes,

scrap iron, etc. The statement below indicates the chief places and areas from where important commodities are imported and also the destinations of export trade :—

| Names of commodities. |    | From where imported.   |                                                                   |
|-----------------------|----|------------------------|-------------------------------------------------------------------|
| Cotton piece goods    | .. | ..                     | Ahmedabad, Wadibunder, Navsari, Indore, etc.                      |
| Coal                  | .. | ..                     | Jharia Coalfield Area.                                            |
| Salt                  | .. | ..                     | Sambhar Lake, Lavanpur, Basin Road, Bhandup, Mithapur, etc.       |
| Iron and steel        | .. | ..                     | Calcutta.                                                         |
| Grains and pulses     | .. | ..                     | From Uttar Pradesh.                                               |
| Kerosene oil          | .. | ..                     | Budge Budge, Tinsukia, etc.                                       |
| Petrol                | .. | ..                     | Ditto.                                                            |
| Names of commodities. |    | Destination of export. |                                                                   |
| Khari salt            | .. | ..                     | Dacca, Chittagong, Purnea and Calcutta.                           |
| Saltpetre             | .. | ..                     | Coal and Iron-mine Areas.                                         |
| Jute                  | .. | ..                     | Calcutta and suburbs.                                             |
| Oilseeds              | .. | ..                     | Ditto.                                                            |
| Timber                | .. | ..                     | Ditto.                                                            |
| Sugar                 | .. | ..                     | Various destinations in India and neighbouring countries.         |
| Molasses              | .. | ..                     | Assam and Purnea districts in Bihar.                              |
| Foodgrains            | .. | ..                     | Within Bihar.                                                     |
| Pulses                | .. | ..                     | Ditto.                                                            |
| Railway sleepers      | .. | ..                     | North-Western, Central and Eastern Railways.                      |
| Ballast               | .. | ..                     | Within Bihar.                                                     |
| Stone chips           | .. | ..                     | Ditto.                                                            |
| Hides                 | .. | ..                     | Mostly to Muzaffarpur from where it enters into the world market. |
| Turmeric              | .. | ..                     | Mostly to Uttar Pradesh.                                          |
| Scrap iron            | .. | ..                     | South Bihar and Calcutta Area.                                    |
| Bones                 | .. | ..                     | Calcutta.                                                         |

So far as the quantity of goods imported into and exported outside the district by rail is concerned, the above table can be of some help. At least half the quantity of goods imported and exported by rail enters into the market by other means of transport, that is, trucks, bullock-carts, etc.

It is difficult to assess either the external or internal volume of trade, much less the value, in the district with any certainty as no reliable figures are available for the purpose. It is unfortunate that

financial institutions like organised banks are uncommunicative on this account. Nevertheless, from other data we can arrive at some broad conclusions.

So far as agricultural commodities are concerned, it is mentioned by the Agricultural Statistics Department that in 1956-57 the total output of major foodgrains, pulses and jute was 72,62,804 maunds, 4,76,210 maunds and 2,30,294 maunds (including *sanai*), respectively. It is estimated that of the total quantity of foodgrains and pulses produced about 30 per cent enters into the market, either internal or external. The entire quantity of jute produced in the district enters into the market, barring aside a negligible quantity the producer keeps for his domestic use. Apart from these, Champaran is also important for the cultivation of turmeric. It is estimated that about two lakh maunds of turmeric is annually produced here and about 90 per cent of the total produce finds place in the market. In 1956-57, the total quantity of sugarcane produced in the district was 4,69,00,540 maunds. All the cane produced is sold, either to big factories or to small *gur* producers. The *gur* produced is also thrown into the local market eventually.

There are nine sugar mills in the district. These sugar mills in 1956-57 altogether produced 28,56,336 maunds of sugar and 12,76,357 maunds of molasses. Only a small fraction of the total quantity of these two products finds place in the local markets and the rest is either exported outside or kept in stock against future lifting.

The output of saltpetre is estimated to be about 20,000 maunds annually and the entire quantity goes into the market.

So far hides and bones are concerned, it is reported that a turnover of about Rs. 2,00,000 is annually done.

The major quantity of timber comes from the Government forests of the district. An idea of trade in timber can be had from the fact that in 1956-57 a sum of Rs. 4,47,831 was derived by the North Bihar Forest Division, Bettiah, from the sale of timber. This amount includes the timber sold to contractors by auction, the quantity utilised by the Forest Department and sold from the departmental depots as fire-wood or for other purposes. Besides timber, the Forest Department sells every year other minor forest produce like *sabe* grass, catechu, herbs, etc. These products account for a very small amount of revenue. In 1956-57 the revenue derived from other forest products was Rs. 49,126.

So far other commodities like cotton piece goods, coal, salt, iron and steel, etc., are concerned, not much could be said with any certainty.

The receipts of sales tax may also be a pointer to the volume and value of internal trade. The rate of sales tax is one pice per rupee of



the turnover. Sales tax is not levied on all the commodities, but there are only a few items which are exempted from it. Another difficulty in the way is that sales tax is levied on only such businessmen whose annual turnover exceeds Rs. 15,000 and hence it cannot be a true pointer as many dealers have a very small turnover to come within the purview of sales tax. Yet another difficulty in the way is this that tax on the gold and bullion is not levied on their actual turnover, but the amount to be collected from each district is fixed at the provincial level. It is reported that the amount so fixed is generally much below the amount, had the same been assessed on the turnover basis like that of other commodities. Sales tax also does not give us separate amounts collected on the turnover of different commodities in trade so that an idea of the volume of trade in a particular commodity could be formed. It is also not possible to assess the number of tax-evaders and the amount of tax evaded. In spite of all this, the collection of sales tax could be used to indicate at least the value of internal trade in the district, specially in the absence of other kind of reliable statistics.

The amount of sales tax collected on the trade turnover of all the commodities, excepting gold and bullion, in 1956-57 was Rs. 8,86,420. As has been indicated above, the rate of tax is one pice per rupee of turnover, and on this basis it could be said that the trade turnover in the district of all the businessmen (excepting those trading in gold and bullion and other non-taxable commodities under the Sales Tax Act) having an annual turnover of Rs. 15,000 and more, was Rs. 5,70,93,404. In the same year the amount of tax collected on account of trade in gold and bullion came to Rs. 5,666 and on the basis of it, the trade turnover in these commodities could be assessed at Rs. 3,62,624. Since it is reported that the amount of tax on gold and bullion would have been three to four times more had the same been levied on turnover basis, we can assess the value of internal trade in gold and bullion at Rs. 11,00,000 or so per annum. Assuming that the amount of turnover in respect of those traders who are not subject to sales tax would not be less than the amount of turnover of those who pay sales tax (since the number of the former is several times more than that of the latter), it could be said that the value of internal trade in the district was approximately eleven and half crores to twelve crores of rupees in 1956-57.

The number of persons employed in trade and commerce will also help us in the investigation. According to the census of 1951, there were altogether 13,434 persons engaged in different kinds of trade and commerce, either as employees or as employer or as independent workers. The bulk of them, that is 10,019, were living in rural areas as against 3,415 in urban areas. The table below shows the number of persons engaged in different kinds of commerce :—

| Nature of business.                                    |    |          | Total. |         | Employers. |         | Employees. |         | Independent workers. |         |
|--------------------------------------------------------|----|----------|--------|---------|------------|---------|------------|---------|----------------------|---------|
|                                                        |    |          | Male.  | Female. | Male.      | Female. | Male.      | Female. | Male.                | Female. |
| 1                                                      | 2  |          | 3      | 4       | 5          | 6       | 7          | 8       | 9                    | 10      |
| Wholesale trade in food-stuffs                         | .. | Rural .. | 24     | 14      | ..         | 2       | ..         | 3       | 24                   | 9       |
|                                                        |    | Urban    | 41     | 39      | 8          | 4       | 3          | 15      | 30                   | 20      |
|                                                        |    | Total .. | 65     | 53      | 8          | 6       | 3          | 18      | 54                   | 29      |
| Wholesale trade in commodities other than food-stuffs. |    | Rural .. | 154    | 1       | 3          | ..      | 9          | ..      | 142                  | 1       |
|                                                        |    | Urban    | 233    | 78      | 40         | 25      | 95         | 26      | 98                   | 27      |
|                                                        |    | Total .. | 387    | 79      | 43         | 25      | 104        | 26      | 240                  | 28      |
| Retail trade in food-stuffs ..                         | .. | Rural .. | 3,868  | 708     | 414        | 33      | 313        | 207     | 3,141                | 468     |
|                                                        |    | Urban    | 411    | 205     | 141        | 35      | 30         | 97      | 240                  | 72      |
|                                                        |    | Total .. | 4,279  | 913     | 555        | 68      | 343        | 304     | 3,381                | 541     |
| Retail trade in textile and leather goods.             |    | Rural .. | 638    | 48      | 84         | 7       | 60         | 5       | 494                  | 36      |
|                                                        |    | Urban    | 564    | 101     | 290        | ..      | 137        | 39      | 137                  | 62      |
|                                                        |    | Total .. | 1,202  | 149     | 374        | 7       | 197        | 44      | 631                  | 98      |
| Retail trade in fuel (including petrol)                |    | Rural .. | 98     | 11      | 11         | ..      | 4          | 2       | 83                   | 9       |
|                                                        |    | Urban    | 7      | 173     | 2          | 46      | 1          | 76      | 4                    | 51      |
|                                                        |    | Total .. | 105    | 184     | 13         | 46      | 5          | 78      | 87                   | 60      |
| Retail trade otherwise unclassified                    | .. | Rural .. | 3,148  | 1,250   | 258        | 33      | 149        | 59      | 2,741                | 1,158   |
|                                                        |    | Urban    | 554    | 255     | 142        | 107     | 228        | 69      | 184                  | 79      |
|                                                        |    | Total .. | 3,702  | 1,505   | 400        | 140     | 377        | 128     | 2,925                | 1,237   |

| Nature of business.                                  | Total. |         | Employers. |         | Employees. |         | Independent workers. |         |
|------------------------------------------------------|--------|---------|------------|---------|------------|---------|----------------------|---------|
|                                                      | Male.  | Female. | Male.      | Female. | Male.      | Female. | Male.                | Female. |
| 1                                                    |        |         |            |         |            |         |                      |         |
| 2                                                    |        |         |            |         |            |         |                      |         |
| 3                                                    |        |         |            |         |            |         |                      |         |
| 4                                                    |        |         |            |         |            |         |                      |         |
| 5                                                    |        |         |            |         |            |         |                      |         |
| 6                                                    |        |         |            |         |            |         |                      |         |
| 7                                                    |        |         |            |         |            |         |                      |         |
| 8                                                    |        |         |            |         |            |         |                      |         |
| 9                                                    |        |         |            |         |            |         |                      |         |
| 10                                                   |        |         |            |         |            |         |                      |         |
| Real estate                                          | ..     | ..      | ..         | ..      | ..         | ..      | ..                   | ..      |
| Insurance                                            | ..     | ..      | ..         | ..      | ..         | ..      | ..                   | ..      |
| Urban                                                | ..     | ..      | ..         | ..      | ..         | ..      | ..                   | ..      |
| Rural                                                | ..     | ..      | ..         | ..      | ..         | ..      | ..                   | ..      |
| Total                                                | ..     | ..      | ..         | ..      | ..         | ..      | ..                   | ..      |
| Money-lending, banking and other financial business. | ..     | ..      | ..         | ..      | ..         | ..      | ..                   | ..      |
| Rural                                                | 33     | 12      | 2          | 2       | 4          | ..      | ..                   | 27      |
| Urban                                                | 369    | ..      | 105        | ..      | 10         | ..      | ..                   | 254     |
| Total                                                | 402    | 12      | 107        | 2       | 14         | ..      | ..                   | 281     |
| Total in every kind of business                      | 7,964  | 2,055   | 772        | 77      | 639        | 276     | 338                  | 6,653   |
| Rural                                                | 2,474  | 941     | 816        | 274     | 602        | 338     | 1,066                | 329     |
| Urban                                                | 10,438 | 2,996   | 1,688      | 351     | 1,141      | 614     | 7,709                | 2,031   |

It may be mentioned here that the census figures in this connection appear to have been under-estimated. There would not be much of spontaneity to return one as in trade and commerce because of the allergy against being made a payee of sales tax or income-tax.

#### TRADE CENTRES.

##### *Regulated Markets.*

There are no regulated markets in the district worthy of the name. In a limited sense we may say that the market of sugarcane has been regulated under the Bihar Sugar Factories Act, 1937, and the Rules framed thereunder in 1938. Since the passing of this Act and Rules thereunder, the price of cane is fixed from year to year and the canegrowers are assured of payment of the price of sugarcane within the period specified in the Act on account of the establishment of a number of Canegrowers' Co-operative Societies and Unions under the Act. A fuller account of the effects and provisions of this Act will be found in the Chapter 'Industries'.

##### *Centres of wholesale business and mandis.*

There are mainly four commodities of importance, namely, cloth, grains, jute and turmeric, in which some wholesale business is done in the district, the first two being of greater importance. As the town of Muzaffarpur in the neighbouring district of the same name has many large wholesale merchants in cloth, many retail-sellers of Champaran have direct contact with them. However, the petty and less resourceful dealers of the district have their dealings with the local wholesale merchants. So far grains are concerned, much of the paddy produce is procured by the rice mills of the district. The northern part of the district is the chief paddy producing area and many rice mills are situated in that portion.

The chief centres of wholesale business in the district are Motihari, Bettiah, Raxaul, Adapur, Sikta, Narkatiaganj, Bagaha and Chainpatia. Wholesale trading in cloth is done at Motihari, Bettiah and Raxaul. Bettiah has been the chief marketing centre in the district since long on account of being the seat of the ex-Bettiah Raj. It continues to be headquarters of a subdivision. Motihari has acquired importance by virtue of being the headquarters of the district. Raxaul is situated at the Indo-Nepal border and is connected with the interior of Nepal by a Light Railway of that country and also with the interior of Champaran and the rest of Bihar by two metre gauge lines of the North-Eastern Railway. Besides, a good road connecting Raxaul with Kathmandu in Nepal has been built.

Wholesale trading in grains is carried on at each of the wholesale trading centres of the district, but the most important of them are Adapur and Bagaha. Adapur is situated in the northern portion of the district in a very fertile tract of land. Normally famines do not

touch this area. In the great famine of 1897 it did not suffer any loss. Adapur is on the railway line running from Kundwa-Chainpur to Bagaha and has several road connections with the interior of the district. It has three big rice mills. Bagaha is also situated in a fertile tract of land in the north-western portion of the district. It is the terminus station of the railway line running from Kundwa-Chainpur to Bagaha. Earlier this line was connected with the Gorakhpur district of Uttar Pradesh. Even now much of the traffic in grains and timber pass between the two districts, although the river Gandak impedes the smooth flow to some extent. During cane-crushing season a pontoon bridge is fixed up on Gandak at the site of the old broken railway bridge. The place is connected by road with the far south-eastern and northern tracts of the district.

Almost all the wholesale trading centres in the district have developed a grain *mandi*. A description of some of the important *mandis* is given below.

*Motihari grain mandi*.—This *mandi* is situated in the heart of Motihari Bazar which is at a distance of about one and a half miles from the Motihari Collectorate and about two miles from Motihari Railway Station. This *mandi* is the property of the local municipality and is leased to contractors. The area of the *mandi* is about 12 *bighas*. People of the locality intending to enter into sale or purchase of grains assemble here.

The contractor of the *mandi* charges rupee one per truck-load, annas eight per tyre cart-load and annas four per cart-load of the grain brought at the *mandi*. This amount is paid by the seller. There are several other charges which a grain merchant is required to bear. There are weighing charge, *dharmada* and *goshala* charges. The rate of weighing charge is half an anna per bag when the person weighing the commodity is not required to put the commodity on the balance and again to put the same off the balance. If he is required to do so, he is paid at the rate of one anna per bag. The weighing charge is paid by the seller and purchaser both. The charge for *dharmada* and *goshala* both together is one anna per hundred of the turnover and is paid by the seller.

The weighing charge is actually the wages of the person who weighs grains, whereas *dharmada* and *goshala* are meant for charitable purposes, the former being used for religious charities such as giving alms to beggars, constructing *dharmshalas* (inns), etc., and the latter for giving aid to institutions where old kine and oxen are given shelter. There is no organisation to administer the amount so collected for *dharmada* and *goshala* which is to be found in some other districts of the State. This leaves the merchants concerned unfettered to dispose of the fund according to his own will.

*Bettiah grain mandi*.—Unlike Motihari grain *mandi* this *mandi* is not the property of the local municipality. It was formerly the

property of the ex-Bettiah Raj and has now vested in the State. The practice of leasing out the *mandi* to contractor is also in vogue here. The area of the *mandi* is about 6 to 7 acres. The contractor's charge at this *mandi* is the same as that at Motihari *mandi*.

The weighment charge at this *mandi* is six *naye paise* per bag and is paid by the purchasers. *Dharmada* and *goshala* charges at this *mandi* is also the same as that of Motihari *mandi* but the amount is paid by the purchaser and seller both.

It is reported that the turnover of grains in money equivalent at this *mandi* is about Rs. 20,000 per day.

*Raxaul grain mandi*.—This *mandi* is situated at Raxaul. This has an average annual arrival of 70,000 maunds of paddy and 60,000 maunds of rice from the nearby villages. The rates of market charges are : weighment 0.12 nP. per bag, *dharmada* 0.25 nP. per Rs. 100 and *dhalai* 0.74 per Rs. 100.

*Adapur grain mandi*.—Adapur grain *mandi* is situated in the thana headquarters bearing the same name. The average annual arrival of paddy at the *mandi* is 2,58,000 maunds and that of rice 1,50,000 maunds from the nearby villages. Weighment charge at the *mandi* is 0.05 nP. per bag and *dharmada* charge 0.06 nP. per Rs. 100. *Dhalai* charge is not in vogue there.

*Sikta grain mandi*.—The *mandi* is situated at the thana headquarters bearing the same name and has an average annual arrival of 3,20,000 maunds of paddy and 2,00,000 maunds of rice from the nearby villages. Weighment charge at the *mandi* is 0.08 nP. per bag and *dharmada* charge is 0.01 nP. per maund. There is no *dhalai* charge in vogue there.

*Narkatiaganj grain mandi*.—The *mandi* is situated at thana headquarters bearing the same name. Average annual arrival of paddy is 1,50,000 maunds and that of rice 60,000 maunds at the *mandi* from the local villages. Market charges are : weighment and handling 0.12 nP. per bag, *dharmada* 0.09 nP. per Rs. 100 and *dhalai* 2½ per cent.

*Ghorasahan grain mandi*.—This is also situated at the thana headquarters of the same name. The average annual arrival of paddy is 1,00,000 maunds and that of rice 65,000 maunds from nearby villages. Market charges are : weighment 0.06 nP. per bag, *dharmada* 0.02 nP. per Rs. 100 and *dhalai* ½ seer per maund.

*Chainpatia grain mandi*.—Chainpatia *mandi* is also situated at the thana headquarters of the same name. The average annual arrival of paddy is 1,55,000 maunds and that of rice 90,000 maunds from nearby villages. Market charges are : weighment and handling 0.09 nP. per bag, *dharmada* 0.15 nP. per Rs. 100 and *dhalai* nil.

Apart from these there are several other small *mandis* like Thori, Bagaha, etc. Barring the municipal *mandis* all other *mandis* are settled annually by bid by the local Government official, viz., *Anchal Adhikari*.

At all these *mandis* mostly locally produced and sometimes Nepal imported grains like paddy, rice, gram, *khesari*, *tisi*, *arhar*, wheat, etc., are sold, the first two being most predominant.

Many of the *mandis* are in the bordering area of Nepal and Champaran and there is a considerable interchange of trade in grains with Nepal. The records of old correspondence in English kept in Champaran Record Room show that a considerable volume of trade with Nepal was also noticed by the early British administrators. There used to be at one time offices to record the volume of such trade. The proximity of the grain centres to Nepal is a problem whenever there is any acuteness in the supply of grains either in Nepal or in the Champaran district.

#### *Retail Marketing Centres.*

The main retail marketing centres in the district are at Motihari, Bettiah, Barachakia, Mehsi, Sugauli, Chainpatia, Narkatiaganj, Ramnagar (Harinagar), Raxaul, and Bagaha. At all these places retail shops of almost all the commodities locally consumed are found. Even from the retail marketing point of view, Bettiah, Motihari, Raxaul and Narkatiaganj are more important than other places, of which Bettiah is the most important and the largest in the district. Retail shops of some of the articles like radio receiving sets, cycles, etc., are to be found only at these four places. These places have also got branch or pay offices of some of the joint stock banks as well as of the State Bank of India.

It is estimated that there are altogether 3,900 shops and establishments at all the abovementioned places, of which about 1,000 are at Motihari, about 1,600 at Bettiah, about 300 at Raxaul and all the other markets account for the rest, the number of shops varying between 100 to 200 at different places. It is estimated that about one-fourth of the number of shops found at the important marketing centres are scattered in the villages.

Motihari is the only market place in the district where the provisions of Bihar Shops and Establishments Act, 1953, have been enforced from the 1st April, 1957. There is one Labour Officer in the district with his headquarters at Motihari who has to enforce the provisions of this Act. Under the provisions of this Act every shop and establishment (excepting medical and betel shops, cinema houses and hotels) are to remain closed for one day in a week. Opening hours for shops are also regulated under the Act and the employees are given some protection as regards the payment of their salary or wages.

The retail marketing centres in the district are well distributed. They do not present as busy a sight as the markets in the heart of cities. Bargaining is common. As the *mahajans* who run the retail trade are usually their own bankers, the want of banks in the rural areas presents no problem.

#### FAIRS AND MELAS AND OTHER RURAL MARKETS.

The fairs and *melas* held in the district may be divided into two parts, viz., seasonal and permanent. Seasonal fairs are those which are held in the particular season and the time of such fairs is determined by the lunar calendar, whereas permanent fairs are those which are held throughout the year once or twice a week irrespective of the seasons and are locally known as *hats*. Seasonal fairs are basically religious in character, whereas permanent fairs are commercial in its composition.

The seasonal fairs in the district are held at Arreraj, Kessariya, Rajpur, Bettiah, Govindganj, Tribeni, Sahodra (Tharuhat), Madhuban, Jhakhbija, Lauriya Nandan Garh and Chainpatia. By far the most important among the seasonal fairs are held at Arreraj, Bettiah and Madhuban, the first being important on account of its frequency and the latter two on account of their duration period.

At Arreraj fairs are held on six occasions in the year, viz., *Falgun Triodasi*, *Basant Panchimi*, *Sheoratri*, *Baisakhi Triodasi*, *Jestha Dashara* and *Anant Chaturdasi*. The congregation on the occasion of *Falgun Krishna Triodasi* is the largest and next comes *Basant Panchimi*. On the former occasion the *mela* lasts for about a week and on the latter occasion the duration period varies between five to seven days. On the other occasions the *mela* lasts generally for three to four days. Arreraj has a famous Shiva temple and a legion of men, women and children visit the temple on every *mela* occasion. It is estimated that about 50 to 60 thousand people congregate here on such occasions. The bulk of the *mela* visitors are basically rural in composition. They also make purchases for domestic purposes at the *mela*. The value of the transactions goes up to a few lakhs on each *mela* occasion.

At Bettiah the fair is held on the *Dashera Durga Puja* and lasts for about fifteen days. It attracts a vast number of people from the neighbouring villages at the time of *mela*. It is estimated that their number does not fall much short of a lakh or so. The most important feature of this *mela* is the organisation of a cattle fair where several thousand cattle are bought and sold. The cattle fair also attracts sellers and purchasers from the neighbouring districts of Muzaffarpur and Saran as well as from Nepal. The cattle brought for sale here are generally of local breed and are poor in quality. All kinds of commodities required in daily use are sold at this *mela*. It is the largest fair in the district and the value of goods transacted here ranges between forty to fifty lakhs.



The *mela* at Madhuban is also held during *Dashera Durga Puja* and lasts for fifteen days. This *mela* is also well known as a cattle fair. However, it is comparatively less important in every respect than that of Bettiah *mela*. It is estimated that about 40 to 50 thousand people assemble here at the time of the *mela*. The value of transactions is estimated to be 15 to 20 lakhs.

The other important fairs in the district are held at Rajpur, Govindganj and Sahodra, each lasting for ten days. The *mela* at Rajpur is held on the occasion of *Durga Puja*, at Govindganj at the time of *Kartika Purnima* and at Sahodra at the time of *Ramnavami*. Rajpur fair is important for being a cattle fair, Govindganj for being a fair on the bordering area of Saran and Champaran and Sahodra for being a *mela* of the Tharuhat area.

The other seasonal fairs are of more or less equal importance, each lasting for about a week, excepting that held at Kessariya which lasts only for three to four days. *Mela* at Tribeni is held on the occasion of *Magh Amawas*, at Lauriya Nandan Garh in *Agrahan*, at Chainpatia on the occasion of *Kartik Purnima*, at Jhakbija on the occasion of *Chaitra Navami*, and at Kessariya at the time of *Push Amawas*. The fair at Tribeni is of some special importance on account of being in the backward Tharuhat area.

Apart from these, several other seasonal *melas* are also held in the district, but they are of smaller importance and last for only a day or two.

The non-seasonal or permanent *melas* with a slant for sale and purchase only are locally known as *hats*. The number of such *hats* is quite considerable in the district. A *hat* is held once or twice a week. Unlike seasonal fairs, these *hats* are entirely held for commercial purposes. The size of *hats* varies according to the area and population served by them. Generally 1,500 to 2,000 people from the neighbouring villages gather at these *hats* to purchase commodities for domestic use. At these *hats* commodities like cloth, cereals, condiments, vegetables, etc., are sold. Itinerant merchants go there to sell commodities. Some grain merchants also depute their men to purchase grains at these *hats*. Many transactions at these *hats* are carried out on barter system and it is common sight to find village folks exchanging grains for vegetables, condiments, etc. Sweet-meat and aerated-water shops at these *hats* are also not uncommon.

Apart from *hats* and fairs there are several permanent *bazars* in the district. Each and every village has a few shops which cater to the needs of village folks. Generally at these shops commodities like salt, mustard oil, kerosene oil, *ghee*, condiments, pulses, cereals, etc., are sold. Cloth shops are also to be found at every village of some importance. A village or a township having several such shops of a comparatively bigger size are locally known as *bazars*. Much of the retail business in the district is carried through these *bazars*.

An Anchalwise list of *hats*, *bazars* and *melas* as settled by the Government in 1957-58 is given below :—

| Names of <i>Anchals</i> . |                      |       | No. of <i>hats</i> and<br><i>bazars</i> settled. | No. of <i>melas</i><br>settled. |
|---------------------------|----------------------|-------|--------------------------------------------------|---------------------------------|
| 1.                        | Bettiah              | .. .. | 36                                               | 8                               |
| 2.                        | Sikta                | .. .. | 11                                               | 9                               |
| 3.                        | Bagaha I             | .. .. | 11                                               | 4                               |
| 4.                        | Lauriya              | .. .. | 15                                               | 2                               |
| 5.                        | Ramnagar             | .. .. | 2                                                | 4                               |
| 6.                        | Shikarpur            | .. .. | 21                                               | 8                               |
| 7.                        | Dhanaha              | .. .. | 10                                               | 1                               |
| 8.                        | Sidhawan (Bagaha II) | .. .. | 9                                                | 2                               |
| 9.                        | Puner                | .. .. | 12                                               | 1                               |
| 10.                       | Motihari             | .. .. | 19                                               | 2                               |
| 11.                       | Adapur               | .. .. | 22                                               | 2                               |
| 12.                       | Mehsi                | .. .. | 11                                               | 1                               |
| 13.                       | Chakia               | .. .. | 40                                               | 5                               |
| 14.                       | Turkaulia            | .. .. | 15                                               | 2                               |
| 15.                       | Dhaka                | .. .. | 10                                               | 1                               |
| 16.                       | Chiraiya             | .. .. | 3                                                | 2                               |
| 17.                       | Patahi               | .. .. | 5                                                | 1                               |
| 18.                       | Pakrideyal           | .. .. | 10                                               | ..                              |
| 19.                       | Arreraj              | .. .. | 41                                               | 8                               |
| 20.                       | Sugauli              | .. .. | 11                                               | 4                               |

Apart from the number of *hats*, *bazars* and *melas* mentioned in the above list, it is reported that there were some more in the district which had not been settled and were under the possession of private persons. However, it is reported that their number was not considerable.

#### CO-OPERATION IN WHOLESALE AND RETAIL TRADE.

Although there is not much of organised co-operation in wholesale and retail trade, certain amount of co-operation between the two types of trades does exist on individual footing. Every retail dealer expects some co-operation from the wholesaler in the shape of credit facility and the latter generally does not hesitate to give this facility, if the particular retail dealer happens to be his tried and trusted regular customer. This co-operation depends also on the business reputation of a retail dealer and the financial capacity of a wholesaler.

#### STATE TRADING.

State trading is normally absent in its strict sense in this district. Barring aside the sale of timber and other forest products from the State-owned forests, the State does not produce locally any commodity

which enters into the local market. The State does sell some commodities like fertilizers, etc., but they are meant for agricultural improvements. Electric power produced under the auspices of the State Government is, strictly speaking, not done so for any business motive. During scarcity period the State Government does open fair price shops, but here also business motive is not at the root.

#### MERCHANT, CONSUMER AND LABOUR ASSOCIATION.

As regards Merchants' Association, it is gathered that there are two such associations, viz., the Champaran Merchants' Chamber, Motihari and Arhati Vyapar Mandal, Bettiah, in the district. But none of these two agencies has acquired any significant position among the local merchants. None of these associations are either registered or affiliated to any recognised Chamber of Commerce of the State. The membership of Champaran Merchants' Chamber is open to all types of traders, but that of Arhati Vyapar Mandal is open to only commission agents. Traders in turmeric are more associated with the latter.

Both these associations are only in their cradle. The Arhati Vyapar Mandal, Bettiah, was established in 1956 while Champaran Merchants' Chamber, Motihari, was founded by the close of 1957.

#### WEIGHTS AND MEASURES.

The common measure of weights is the seer. Before the enforcement of Bihar Weights Act, 1947, in Champaran in 1951 the weight of seer varied even from *bazar* to *bazar* which has now been replaced to a considerable extent.

The weight in rural areas varies considerably from one part to another part. A seer is made of several *gandas* which nominally is equal to 4 pice, but its value varies immensely. An examination of 121 *gandas* of *lohia* pice, viz., the dumpy pice containing a larger mixture of iron and was once in use in the district, has showed no less than 60 values varying from 531 to 675 grains, the mean being 600 grains. In Sadar subdivision the local seer is generally equal to 10 *gandas*, but this also varies considerably from village to village. These measures are also used for liquids, such as milk and oil, as the capacity of the vessels is determined by weighing the contents with *lohia* pice of a quantity representing a seer, half seer, quarter seer, etc.

In Bettiah subdivision the recognised local seer is of 11 *gandas*, but elsewhere the divergence is very great. Once in the northern portion of Bagaha and Dhanaha Gorakhpuri coin was in use while in the rest of the subdivision *lohia* pice was used. Where the Gorakhpuri pice was in vogue the measure of a local seer varies from 24 to 30 *gandas*, whereas where *lohia* pice formed the standard the local seer varies from  $8\frac{1}{2}$  *gandas* to  $11\frac{1}{2}$  *gandas*. In certain areas solid commodities are weighed according to *lohia* pice, whereas liquids are weighed according to Gorakhpuri pice.

So far *hats*, *bazars*, etc., are concerned, the Bihar Weights Act, 1947 has been enforced from 1951. Under this Act the standard weight is a seer of 16 *chataks*, each *chatak* consisting of 5 *tolas* and a *tola* is equal to the weight of one rupee metal coin (legal tender) in vogue in India. Much of the disparity that existed in weights at different *bazars* of the district before the enforcement of the Bihar Weights Act has now been removed. Under the provisions of this Act weights and scales are verified and replaced whenever found defective and the persons found using them are prosecuted. For the verification of weights some fee is charged per unit of weight verified. The fee varies according to the volume of the weight verified. The Act is not yet enforced in the rural areas.

The following tables indicate the progress achieved under the Act :—

TABLE I.  
(Seizure and Replacement.)\*

| Year.           | Seizure. |         | Replacement. |         |
|-----------------|----------|---------|--------------|---------|
|                 | Weights. | Scales. | Weights.     | Scales. |
| 1955-56 .. .. . | 869      | 391     | 2,649        | 229     |
| 1956-57 .. .. . | 693      | 634     | 2,295        | 279     |
| 1957-58 .. .. . | 446      | 228     | 196          | 46      |

TABLE II.  
(Verification and Revenue Collection.)

| Year.           | Verification. |         | Revenue Collection. |
|-----------------|---------------|---------|---------------------|
|                 | Weights.      | Scales. |                     |
|                 |               |         | Rs. a. p.           |
| 1952-53 .. .. . | 9,969         | 1,212   | 7,172 9 0           |
| 1953-54 .. .. . | 14,048        | 991     | 8,491 10 0          |
| 1954-55 .. .. . | 8,273         | 1,770   | 7,939 5 0           |
| 1955-56 .. .. . | 13,406        | 2,946   | 10,022 2 0          |
| 1956-57 .. .. . | 8,465         | 1,907   | 7,917 1 0           |
| 1957-58 .. .. . | 11,496        | 1,800   | 9,598 3 0           |

The measures of length given below are prevalent in the district in respect of cloth. At times they vary, specially in rural areas, and the forearm of the tallest man in the village is taken to be the

\* (Some fluctuations in the year to year figures of seizure, replacement, verification, etc., are apparent. It is reported that for the whole district there is only one Inspectors of Weights and Measures. At times the District Agricultural Marketing Inspector is required to take up the duty of the District Inspector of Weights and Measures, specially as a stop-gap arrangement at the time of latter's transfer, leave etc. This affects the normal work.)

standard length which generally is  $18\frac{1}{2}$  inches. For measuring land the *laggi* is in common use which consists of so many *haths* (fore-arms)— $7\frac{3}{4}$  *haths* in Motihari and 8 *haths* or more in the north of the district. The actual length of the *laggi* depends on the length assigned to the *hath* which varies considerably from one part of the district to another part :—

- 1 *girah* is equal to  $2\frac{1}{4}$  inches.
- 1 *bitta* is equal to 4 *girah* or 9 inches.
- 1 *hath* is equal to 2 *bittas* or 18 inches.
- 1 *gaz* is equal to 2 *haths* or 1 yard.

#### TRADE ASSOCIATIONS.

There are two trade associations of small importance in the district. They are Grain Merchants' Association, Motihari, and Bullion Merchants' Association, Champaran. The former was founded in 1957 and the latter in 1946-47. The Grain Merchants' Association has a membership of 40. The Bullion Merchants' Association has a membership of 275 persons, of which about 125 are registered for sales tax purpose. This Association claims to have succeeded in averting an imposition of sales tax on bullion trade on turnover basis. None of the two Associations are registered. The Grain Merchants' Association's constitution indicates that in a way it wants to establish somewhat a regulated market at Motihari in grains. It also envisages to manage the amount deducted as *dharmada* charge. It is functioning under the Champaran Merchants' Chamber, Motihari.

It is reported that several business magnets and industrialists of the district are members of Bihar Chamber of Commerce, Patna and Calcutta Chamber of Commerce, Calcutta. Local members of Bihar Chamber of Commerce are generally the resident business magnets and industrialists of the district and those of Calcutta Chamber of Commerce do not actually reside in the district, but have their business interest there.

#### MODE OF DISSEMINATION OF TRADE NEWS.

There is no means to carry local trade news from one place to another in the district. So far as the trade news of markets in general are concerned, they percolate to the local merchants through daily papers, radio receiving sets, telephones and telegrams. Correspondence for the purpose are also entered into. Many big merchants of the district purchase the daily papers published from Patna, namely, *Indian Nation*, *Searchlight*, *Aryavarta*, *Vishwamitra*, *Pradeep*, etc., while others subscribe to the dailies of Calcutta like *Statesman*, *Amrita Bazar Patrika*, etc. Some of the businessmen have their relatives, friends and associates at big trading centres like Calcutta, Bombay, Kanpur, Ahmedabad, Patna, etc., and manage to get important trade news through telephone and telegraph.