

## **Indebtedness in Peasant Sector : A Study of Assam Proper in late 19th Century**

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“No subject has been more strongly and frequently pressed on our attention than the evil results which spring from the degree to which the landowners are sunk in debt, the asserted rapid increase of their indebtedness and the difficulty they find in extricating themselves from such burden”<sup>1</sup> this impressive sentence of the Famine Commission report expresses the importance of rural indebtedness as a theme of discourse.

About the general picture of rural indebtedness in pre-British India, we have found no reason to believe that the agricultural population of India at any known period of their history has been generally free from debt, although individuals or classes may have fallen into deeper embarrassments under the British rule.<sup>2</sup> It increased rapidly during the last quarter of 19th Century and became one of the acutest problems in the country-side. There was a considerable burden of indebtedness in the rural areas of Assam also. It is said that “the cultivators in Assam is born in debt, increases his debt and dies in debt.”<sup>3</sup>

The study of the moneylenders in Assam proper, which emerged with a ‘new force’ as a result of the socio-economic changes of the colonial era, particularly their composition and social roots, their simultaneous activities and the specifications of the rural credit scene - fall within the scope of this paper. A notable feature of the composition was the predominance of alien money-lenders unlike in many regions of India, whose primary motive behind credit transactions was furtherance of their trading interests. Another striking feature was that they were not much interested in acquisition of peasants’ holdings.

The causes generating poverty among rural people, particularly among the peasants, can be summarised. Monetisation of the Assamese economy, introduction of new land system and gradual commercialisation of agriculture in the context of a money-short, subsistence oriented Ahom economy with a weak agricultural setting added

a set of changes to peasant, production and land and left the very way open for the growth of the power of the money-lenders. Growth of population and stagnation in rural productivity also created poverty among people. "Social ceremonies like marriage, sradha etc. accounted for one-tenth to one-fifth of the total loans and productive purposes like purchase of cattle, seeds, implements etc and improvement of land only fifteen to thirty per cent. Famines and crop failures were the general causes of loan."<sup>4</sup>

In this context, growing commercialisation of agricultural production, in which the money-lenders had some direct involvements need a special reference. In fact in Assam, there had occurred a kind of forced commercialisation. The trade in Assam was almost entirely in the hands of the 'Kayas' (The marwari traders-mahajan as they were locally known). Jenkins wrote in a letter to A.J. M. Mills "the trade being solely in the hands of the Marwari traders, the profits mostly go to enrich Rajpootana and do not accumulate in this province."<sup>5</sup> These people before the harvest put forward advances to the poor cultivators on condition that the cultivator would sell his crops to the "mahajan" or money-lenders and rates were fixed before-hand, which in most cases was much lower than the existing market rates. Srijut Lakheswar Barthakur remarked once "the marwaris had established a net-work of trade connection by which even the petty shops in the remotest part of the country are connected with Calcutta firm".<sup>6</sup> The river borne trade of Kamrup and other districts' trade were also in the hands of these marwaris.

The alien money-lenders' control was reinforced by the fact that the poor peasants in the context of an utterly inadequate transport system could not sell their produce to outside markets. Mostly he disposed it to the marwari middle men in lesser prices at his own village. Even if he sometimes took his produce to other markets like Calcutta, they mostly misread the market demand and there were often wrong speculations and consequent fluctuations in prices for which he suffered heavy losses. In fact, 'had there been an organisation of cultivators they could control the market and get better prices. But until the people advanced in education and learnt to combine and market their commodities better, the existing system could not be improved.'<sup>7</sup>

While such chains of circumstances created poverty among the cultivators, the channel through which cash reached them was the agency of money-lenders - both alien and local. In Assam money-lending had its beginning since a long time and the role of the

alien money-lenders was scarcely a development during British rule. From 13th to 17th century, there was an influx of outsiders in Assam and "encouragements were given to such outsiders to settle in Assam as would contribute culturally and materially. . . of the latter the "Kaya" or the merchants of Marwar had trading establishments at Joghghopa, Goalpara and Gauhati."<sup>8</sup>

Among the moneylenders, besides these marwari people the Assam Provincial Banking Enquiry Committee speaks of local people like Telis and Johlas, Kabulis and Government stamp-vendors, clerks and pleaders. In all districts there were also some big landholders, who having saved money lent it out to their fellow villagers.

About the forms of credit, there were three major forms : loans in cash, paddy, and agricultural implements including seeds. The forms of appropriation varied too.

Sometimes the Kayas advanced money as a loan one or two months before harvest. There was a common bargain that one 'dun' (of  $3\frac{1}{2}$  seers normally) was to be given after harvest, over and above the number of 'duns' of the current market rate. But Kaya's 'dun' was not the regular  $3\frac{1}{2}$  seer but contained more like 4 seers at least.<sup>9</sup> Sometimes money was advanced for which interest rate was  $37\frac{1}{2}$  to 75% per annum for small loans. In larger transactions, where a mortgage has given upon moveable property its rate was 12% to 20%.<sup>10</sup> Mortgage on houses and lands was uncommon. As regards paddy loans, there was a peculiar system - a man borrowing before the harvest had to pay double at a harvest. Taking payment in Baisakh he had to pay three times the quantity borrowed in Agrahayana and six times in next Baisakh.<sup>11</sup> The marwaris used to keep "khata" and the signature or thumb impression of the debtor was taken on a stamp in the khata.<sup>12</sup> Manipulation of such accounts often occurred. Rai Bahadur Nilambar Dutta, tea planter, Dibrugarh was of opinion, "I do not say that respectable marwaris do it but it is common talk, the marwaris of the village are in habit of interpolating their khatas."<sup>13</sup>

The form of appropriation common among local village money lenders was insistence on labour service from the indebted peasants. Loans were extended either in cash or in goods in exchange of labour service. In this way, the better off peasants could exploit the poorer ones. The poor people who had no land for cultivation, took the land of well-to-dos either as tenants or as share-croppers. The cultivators who had no cattle often borrowed it on "morakya" terms (a morakya labour ploughed owner's land with owner's cattle two days and one day his own field). Peasants could also become a part

time agricultural labourer and he often sold his family members under "bondha" system. Those people, who had some land but no capital sometimes gave out part of his lands on rent (khandua system) or share cropping (adhiya ; 50% share) and the rest he cultivated with borrowed cattle on morakya term.<sup>14</sup>

About the proportion of this money lending class and the population in debt to the over-all population figure of Assam, Census of Assam from time to time furnishes us with some valuable datas.

According to the Census of Assam 1881, the number of money-lenders in the whole province of Assam was 2,414 and the petty shopkeepers engaged in this business were 48,452 making a total of 50,866. There were both male and female money-lenders. Of these people as per 1881 Census, the total number of male money-lenders in Assam proper (including both mercantile men and other general dealers) was 11,884 and that of the female was 3,614, making a total of 15,498.<sup>15</sup> So we find approximately 1/3 of the total money-lenders in Assam was belonging to our five districts. The census of 1891 returned the total number of money-lenders in the Brahmaputra valley as 1,193 while in the whole Assam it was 9,801. This figure however, did not include the number of the petty shopkeepers whose total number was 6,992. Here it is mention-worthy that the cause behind the growth in the number of money-lenders in 1891 is that this year the Census report included the number of the dependants also.<sup>16</sup> While again as per the Census report of 1901 which excluded the number of dependants their number was only 1,031 in whole Assam, 279 of whom were women and 164 were combined with the agriculture.<sup>17</sup>

About the proportion of population in debt, we find no definite data but revenue officials always went on saying that 'a considerable portion of people are in debt.' One settlement officer wrote : "The independant cultivators in the good villages are generally well off but without much money, but in the bad villages, they are distinctly poor."<sup>18</sup> The Dufferin Enquiry Committee report on the condition of the lower classes provides valuable information. Even though, the report chiefly aimed to prove that the common assertion of most important reports of the province that "the greater portion of population suffer from a daily insufficiency of food" was false,<sup>19</sup> there are numerous examples which speak of mass pauperization and indebtedness. In this huge and extensive report, though H.Z. Darrah put forward some examples of well-to-do peasants, there are numerous examples collected by Rai Gunabhiram Sarma Barua, Rai Sarat Chandra Banerjee, which contradict Darrah's assertion.

Rai Gunabhiram Sarma Barua, extra Assistant Commissioner spoke of Jin Ram Kakoti, a cultivator who borrowed Rs. 40/- in the year and expected to repay it next year only 'if' the crops were successful.<sup>20</sup> Another typical example was Hati Boru Ahom who for 20 to 25 years was under strained circumstances. He sold his cattle, lands, jewellerys and sent his son to work as a servant for Rs. 6/- a month.<sup>21</sup> Rai Sarat Chandra Banerjee, extra Assistant Commissioner, told even of a well to do gaonborua who had a debt.<sup>22</sup> Bolai Kewat, one poor man in Chalchali mauza was in so precarious condition that though he could not pay the year's revenue, yet borrowed at a rate of 75% and sometimes lived in starvation.<sup>23</sup> So the report reveals that majority of cultivators were in a precarious condition.

One significant feature, in this rural credit transaction business was that much land did not fall into the hands of the money-lenders. As noted above, the money-lenders of Assam did not grab peasant holding to any considerable extent. The money-lenders being more alien people had lesser interest in acquisition of land and mortgages on houses and lands were uncommon. W. W. Hunter said that advances to cultivators were made generally on the personal security of the borrower.<sup>24</sup> To quote W. L. Scott, Director of Land Records: "In the Assam Valley...he (marwari mahajan) favours as security or lien on the crop rather than a mortgage on the land."<sup>25</sup> However, when the borrower was unable to pay from the crops he took the land but he had no intention of holding it and sold it to someone who paid a fair price. In this way, sometimes some non-resident non-agriculturists, who had ready money acquired the lands.

The power of transfer possessed by the cultivators of Assam had also a different history. At the time of annexation the right to transfer agricultural land was neither generally recognised nor practised. Under British rule, new changes were brought in. In 1859, Jenkins declared the ryots were "now considered to have full proprietary rights in their lands of all description." In 1870, the Commissioner of Assam issued settlement rules which recognised a transferable right of ryots (subject to registration) who agreed to take out ten years' lease. So, here a distinction is visible between decennial and short term holders.<sup>6</sup> This distinction was continued in the Assam Land and Revenue Regulation of 1886 with only exception that annual settlement holders by ten year's continuous occupation would acquire the same right as decennial settlement holders.<sup>3</sup> In 1879 such rights were extended to 'nisf - khiraj' (semi-revenue free) estates.<sup>28</sup> Such constrains from earliest time took much time for the people of Assam to be habituated with the newly intro-

duced laws, sanctioning land-transfers. Again, in the Assam valley, tenants had no transferable rights. A draft bill was prepared in 1833 for this purpose but it was not processed further.<sup>29</sup> It can also be said that unlike other provinces of India, in Assam "value of land in few cases reached a stage at which it forms a basis of credit".<sup>30</sup> So with such prevalent laws and lesser interests of money-lenders in land appropriation, in Assam the transfer of land was not a factor of much importance.

Another crucial happening which does not escape our attention was that there was no investment of merchant usury capital in land. Such was the happening, because for Hindus and Brahmans, who formed major part of the local money-lenders, ambition to live a better life and spendthrift nature checked any such flow of capital to land. Likewise, for alien money-lenders improvement of land was their no concern at all. Rather for both groups of money lenders temptation for high rate of interest centered their attention more and more to money-lending business.

Truely speaking as transactions were not between two men of business, often the debtor was compelled to lose everything. But as these money-lenders were indispensable agencies for financing the agricultural sector, they continued in the rural society without having any immediate chance of elimination.

### References

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