Chapter VI
LENDERS AND DEBTORS

In this last chapter we examine the extent of indebtedness in the Canal Colonies, the nature of debt transactions and finally the role and status of different lending agencies or classes. The discussion is directed not so much as to establish the quantum of debt, etc., but to examine the status of the peasant in the Colonies in the context of the oppressive triumvirate of landlord, merchant and moneylender in the Indian countryside. We also examine the various avenues open to the peasant in the Colonies to transact debts, the terms of these transactions and lastly the result of these transactions as seen in alienation and land transfer. The Punjab Government's much publicised anti-moneylender stance is also touched upon in this context.

The debt question was closely linked to the tenancy problem. Throughout British India, in fact, next to land revenue, the tenancy-landlord and debtor-creditor relationships formed part of the history of the struggles that rural classes fought on a concrete day-to-day basis. We have seen that area under tenant-cultivation in Punjab was a fairly high proportion of total cultivated area; and that throughout this period
the proportion was rising. It was a similar situation in the sphere of indebtedness.

In 1929-30 Punjab ranked third amongst all states in British India in terms of total rural debt, and recorded one of the highest figures for proportion of population involved in debt - with only 17 per cent free of debt. While the situation called for serious thought and, consequent upon that, action, what we find emerging in the 1930s, is a curious logistical exercise which instead of pushing for measures to check the problem, only indirectly justified its existence while doing little to remove it. At government level three clear premises on which official thinking was based emerged, by the early 1900s itself. These were as follows: (1) Unable to hide the scale of indebtedness, and to explain it, a curious hypothesis was worked out - that in Punjab debt was due more to prosperity than to poverty, (2) that government had done the utmost by enacting the Punjab Land Alienation Bill, which put a brake on large-scale transfer of land from the agricultural to non-agricultural classes through a process of debt, mortgage, alienation. For this purpose a schedule of agricultural and non-agricultural tribes was drawn up for each district and land transfers

1. BBCR, 1931, Minority Report, p.31.
were held valid strictly in accordance with this schedule, (3) debt and distress amongst the peasantry was a result not of economic processes started and forces let loose by post-annexation developments, but, rather, a result of the indolence, thriftlessness and ignorance of certain agricultural communities and tribes. ²

Not surprisingly, much evidence could also be mustered up to give credibility to all three premises and for the next forty years or so this stream of thought penetrated all branches of administration in any way connected with agriculture and the rural classes.

What then was the reality?

Section I - Debt Burden and Pattern of Local Transactions

Indebtedness, clearly, was not a result of Colonisation although no doubt, a remarkable increase in the volume of debt took place as Colonisation proceeded. In Jhang, for instance, as early as the 1880s, the Settlement Officer commented that "the wretched, foolish Jat never manages to extricate himself. He is sucked dry and then allowed to drop out of the meshes". ³ In Montgomery, in a large part of the valley lands, "villages are as a rule in a depressed state", cultivation was declining and proprietors were

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² For a lucid expose of this cf., Darling, 1925, op.cit.
"sunk in indolence and apathy". In Multan, where inundation canals did not run all the time and there was frequent failures of crops, "cultivators were thrown out of their calculations and got into the clutches of the sahukar from whom they had borrowed."

While Gujranwala seemed temporarily better off, with an average debt burden of only six times the land revenue, Darling elaborated that this was due to the new found prosperity of the district after the opening of the Upper Chenab Canal. For, "the immediate effect of the opening of a canal is naturally to reduce debt. People who were poor find themselves rich, mortgages are redeemed, and baniās' accounts settled, all of which has happened here..." But, Darling, went on to argue, sooner or later the blessings of a Canal are neutralised, "the reason being the population of the country." To illustrate his point he cited the case of Lyallpur where, in the six years ending 1930, mortgage debt had increased by 141 lakhs, and again by 88 lakhs by 1940. He concluded from this that, "if present conditions persist, the Canal Colony districts will eventually become as indebted as

5. PPBECR, p.952, Oral evidence of the zamindars of Multan.
6. Darling, 1925, op.cit., p.73
7. Ibid.
any other part of the province." 8

The depression hit the peasantry in the Canal Colonies particularly hard for, it upset all calculations regarding profit, savings, debt, etcetera in one go. It was admitted that the cultivators' load of debt had increased and his credit gone. 9 The Settlement Report for Lyallpur admitted that even Lyallpur was "no longer the land of glamour and gold that it was". 10 The worst part of the slump was that it, "caught the peasant unawares," and "what dragged the peasant down like a millstone in the neck, was the heavy debt burden he had thoughtlessly piled up." 11

The years saw an unprecedently sharp increase in mortgage debt as well as mortgaged area, and a shift in favour of usufructuary mortgage transactions by śāhukārs. In Shahpur district, moneylenders resorted to "taking leases of lands held by horse-breeders in order to obtain payments of their debt". 12 In Lyallpur, all tahsils saw a manifold increase in mortgaged area along with a corresponding fall in mortgage money per acre. It was a similar story on the Rakh Branch Circle, Sheikhupura.

8. Ibid., p.224.
9. LRARP, 1932-33
While these developments affected the general mass of rural population, they particularly hit the weaker sections; in Samundri tahsil, for instance, of the 4.9 per cent land that had been allotted to Janglis, 3.1 per cent was mortgaged to săhukārs. In Toba Tek Singh it was the Muslim Jats who were not likely to "forget the lesson that adversity had taught them;" although they were making determined efforts to wipe out their debts by giving portions of their land to săhukārs for a few years and avoiding to borrow anymore. All told, there was little possibility of mortgages transacted at very high prices in the early years being redeemed in view of the fact that the size of holdings was also being reduced. In many regions indebtedness reduced owners to the status of tenants.

However, to put the record straight, it may be noted that till about 1919, the Colony districts did not figure amongst the most heavily indebted. It was the sub-montane and East Punjab districts which inevitably featured in this list. At the same time, only a very small percentage of the rural population in the Colonies was entirely free of debt.

15. BEFP., P.V.S., 4, op.cit., p.78.
16. PCSR, 1919, p.20.
Pattern of Loan Transaction

The nature of these debt transactions varied considerably, both over time, and from district to district. Yet, even while no uniform pattern existed to begin with, over the years loans against security of mortgage became common and within this, debts based on usufructuary mortgage were preferred. This was a situation vastly different from that described in the settlement reports till the 1890s which generally resembled Montgomery - a district heavily plagued by indebtedness - but where debts were not secured by mortgage because moneylenders found that "it pays better to have a running account rather than the responsibilities and losses incidental to land tenure." 17

The change that came about in the 1900s was partly at least, prompted by the restraint on alienation due to the Land Alienation Bill, by which professional moneylending castes could not acquire agriculturists' property. It was also, no doubt a trend that gathered momentum as agriculture in the region became a commercial venture which rich agriculturists sought to turn to their advantage by bringing under their control a greater area for cultivation, acquired through usufructuary mortgage. Consequently with the rising importance of agriculturist moneylenders in the post-1900 period, usufructuary mortgage became a more common feature.

especially in the 'prosperous' Canal Colonies, even so, in the Colonies mortgage and alienation assumed significance only after 1912 when guarantees acquired proprietary rights.

There were other dimensions to this preference for usufructuary transactions also. In Gajju Chak, Gujranwala, Muslim agriculturists advanced money against mortgages. While acquiring land for cultivation on a cheaper basis than rent and managing to safeguard their loans they also technically got out of the religious prohibition on usury. Meanwhile the borrowers preferred loans on mortgage, especially when large sums were taken for a long period as that way they could avoid piling up of the principal through addition of interest. 18

As stated earlier, in the Colony districts, the extent of mortgage debt began to rise rapidly only after 1912, when proprietary rights were officially bestowed on the vast mass of Colonists. In Lyallpur district, for instance, the amount of mortgage debt went up from Rs. 47,190 to Rs. 7,35,016. 19 In the years that followed, a marked increase in mortgage debt and area under mortgage was accompanied by a progressive rise in the value of land.

18. BEIP, PVG, 6, op. cit., p. 14
19. LRARP, 1913, p. 15.
<table>
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<tr>
<th>Year</th>
<th>Total up to the beginning of</th>
<th>Cultivatable land (Av. per acre)</th>
<th>Cultivatable mortgage (Av. per acre)</th>
<th>Cultivatable mortgaged (Av. per acre)</th>
<th>Cultivatable land (Av. per acre)</th>
<th>Cultivatable mortgage (Av. per acre)</th>
<th>Cultivatable mortgaged (Av. per acre)</th>
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<td>5213</td>
<td>115506</td>
<td>212</td>
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<td>65615</td>
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This in fact, in many instances, led to many mortgages being redeemed, with the object of remortgaging a smaller area for the same amount of debt. The war years, meanwhile, saw a temporary decline in redemptions which was to be explained not by "want of funds resulting from economic depression but to a certain degree of distrust in the future political stability of the country. It seems that in this period funds otherwise available for redemption, were probably put into hoard, pending the clearing up of the 'political horizon.' By 1920, while the total area under usufructuary mortgage in the province was diminishing, the total debt secured showed a progressive increase.

Official explanation for mortgage and delay in redemption tended to take cognizance of this phenomenon only vis-a-vis the more stable and affluent strata of the peasantry. Thus increase in mortgage in Central Punjab districts was attributed to the "proneness of the Central Punjabi to migrate;" officials, however, saw migration as a step forward, towards greater wealth, while observing the pressure of population in the home districts - thereby completely ignoring the migration prompted by pauperization and dispossession of the lower ranks of the peasantry. Kessinger's evidence shows that a sizeable portion of the

21. LRARP, 1921, p. 17
migration from Vilyatpur was from amongst the poor peasants, who went out to other regions - within Punjab or perhaps even outside the country, in search of other options.\textsuperscript{22}

The extent of labour migration into the Canal Colonies proves that the official explanation tending to equate migration with a search for greener pastures applied only to a very small section.

A similar attempt to highlight only the brighter aspect can be seen in the understanding contained in these reports regarding redemptions. It was for instance clarified that no direct correlation existed between a good harvest and redemption of mortgaged land. Instead, it was a question of the peasant being "faced with alternative investments."\textsuperscript{23} It was argued that since "credit is easier and he is not likely to be pressed for his debt," the peasant could exercise a choice as to redeeming mortgaged land, or acquiring new land for cultivation by purchase. While government cited the figures for a few years when a good harvest was not matched by consequent rise in redemptions, it also deduced from this that "on the whole the economic position of the agriculturists was slightly strengthened."\textsuperscript{24} This view again reflected only a partial reality, relating to the upper strata of the

\textsuperscript{22} Kessinger, 1979, p.165.

\textsuperscript{23} LRARP, 1923, p.42

\textsuperscript{24} Ibid.
peasantry, which the government sought to project for the entire province as a whole, totally sidetracking the problems that were being faced by the less prosperous or marginal peasant households.

As far as debt incurred against the security of land mortgage was concerned, a pattern seems to have emerged: In the rich Colony tracts most debts were with mortgage, and all mortgages were with possession. In the Lyallpur village, for example, only in one case the mortgagee retained possession, although in all except two the mortgagee continued to cultivate the land. 

In Gajju Chak, similarly all mortgages were with possession, subject to redemption on payment of debts, but almost all had a condition attached that the mortgagee would not give up the land within a certain period, from 3 to 20 years, as compared to 2 to 18 years. In Kala Gaddi Thamman again, in 25 out of 42 cases, the mortgagee cultivated the land, while tenants-at-will cultivated in 16. There was a clear tendency, to "use mortgages in order to secure additional land for cultivation." 

Durrana Langana was slightly different. Here the big Dehar landlords alone could afford to take land on mortgage, but they "preferred

25. BETP, PVS, 4, op.cit., p.79
26. BETP, PVS, 6, op.cit., p.123.
taking full proprietary rights of the land to taking it on mortgage...."27

The lekhā-mukhi contract, described by Thorburn as the "first step towards ruin," very common in the early period seems to have declined over the years.28 Under this contract the debtor surrendered his crop to the baniā, who paid all expenses for him, deducted interest due to himself, and finally, was supposed to credit the balance towards the liquidation of debt. This, however, was seldom attained. The contract suited the creditors while lulling the debtor into a false sense of security for a while, since in theory he remained the proprietor though he was already practically reduced to the position of tenant. Thorburn considered the system to be so 'pernicious' that under it the "peasant proprietors of a whole district might be reduced to serfdom without the fact being shown in agricultural statistics...."29

The nature of transaction depended on a series of other factors, social and subjective. Thus, in Multan villages, personal security was considered better; in fact if the debtor had the reputation of being punctual

27. BEIP, PVS, 11, op. cit., p. 148.
29. Ibid.
in repayments, money lenders "did not bother much about security." In Durranga Langana, in fact, three brothers who had left the village and taken up cultivation in another, caused no worry to the moneylender since he was confident that they would repay. In Gajju Chak, those with good credit sometimes stood surety for others, while many borrowed on the security of ornaments. Moneylenders sometimes lowered interest on borrowings against ornaments since they themselves could obtain money cheaply against security of ornaments.

Credit-worthiness and general status of the borrower affected the terms of the transaction in so far as interest too was, to some extent, dependent on these. At a general level we know that interest rates in Punjab were fairly high at least from the 1880s onwards - being in the vicinity of 25%. The Settlement Report for Jhang district recorded that interest was charged at the rate of 24% per annum. It added that with this interest a debt doubled in about three years. Approximately thirty years later, village surveys revealed that rates continued to remain high, even when they had not risen.

30. BEIP, PVS, 11, op.cit., p. 125
31. Ibid.
32. BEIP, PVS, 6, op.cit., p. 114.
In the Lyallpur village, accounts were made every half-year, viz., in Asarh (June-July) and in Magh (January-February). At compound interest at the common rate of 2 annas per rupee for any period not exceeding six months - this worked out at 12\(\frac{1}{2}\) per cent for six months or approximately 26 per cent per annum, while in some cases it was as high as 3 annas per rupee for six months of 41 per cent per annum. Only very few people, with more than ordinary credit managed loans at 15 per cent to 18 per cent per mensem. \(^{34}\) In Gajju Chak as well, "those with poor credit paid high rates of interest." \(^{35}\)

In Multan, while the general rate of interest in many villages was 12 per cent per annum in 1925, in some cases it rose to over 18 per cent. However, here even transactions against the security of jewellery were at a minimum of 12 per cent interest since such transactions were entered into by those with exceptionally low credit. \(^{36}\)

As elsewhere, the rate of interest varied with the necessity of the borrower, and his standing. Normally, 6 per cent per annum was charged from other shopkeepers, 12 per cent from those known for prompt payment and 12 per cent to 75 per cent from all others", "Païse Rupivā Māhwār", or

\(^{34}\) BETP, PVS, 4, op.cit., p.77
\(^{35}\) BETP, PVS, 6, op.cit., p.115.
\(^{36}\) BETP, PVS, 11, op.cit., p.136.
one pice per rupee per month i.e. 18$\frac{3}{4}$ per cent per annum was also common.\textsuperscript{37} It was also a common practice to fix rates after the loan was advanced, leaving the borrower with very little option. In Multan villages, the usual months for settlement of accounts were Sāwan for the Rabi, Poh or Māgh for Kharif and Phāgan, especially for cotton.\textsuperscript{38} Apart from the interest, chilkānā or a preliminary discount of 2 pice per rupee was deducted on all cash advances. In addition to this the moneylender expected milk, fuel and fodder. If the moneylender combined the services of a shopkeeper, then he also profited by charging higher prices than those prevailing for credit purchases made by the debtor.\textsuperscript{39}

In Lahore, the amount stated in the bond included Khudā kā Khauf, or pre-paid interest.\textsuperscript{40} The Assistant Registrar, Co-operative Societies, Lahore, was of the opinion that interest rates were usually between 18 per cent and 24 per cent, though in the case of loans advanced by women, even 37 $\frac{1}{2}$ per cent was possible.\textsuperscript{41} In Montgomery, prevailing rates of interest were found "exorbitant" by

\begin{footnotesize}
\begin{enumerate}
\item \textsuperscript{37} Ibid.
\item \textsuperscript{38} A.R.Mailsi, 1920, \textit{op.cit.}
\item \textsuperscript{39} BETP, \textit{PVS}, 11, \textit{op.cit.}, p.136.
\item \textsuperscript{40} PPBECR, \textit{op.cit.}, p.177.
\item \textsuperscript{41} Ibid., p.391.
\end{enumerate}
\end{footnotesize}
Major Vanrenen, a capitalist landlord. Here too the normal rate was 25 per cent, with considerable variation, though. It was felt that professionals charged high rates as compared to agriculturists who engaged in money-lending. But even the latter charged high rates from improverished janglis, "because their security is bad." In Nili Bar Colony, Montgomery rates were found high because the moneylender did not know at all whether, "the man will not abandon his land and leave the place altogether." 42

In Lyallpur, the lowest interest rate prevailing was 25 per cent per annum for a six month loan. While this rate was paid even by Jats, tribes known to be less business-like paid anything up to 100 per cent on their loans. 43 For loans for purchase of bullocks etc., payment was made in instalments over the following two harvests, with the lightest six-monthly instalment being Rs. 60, on a purchase of Rs. 100, though two six-monthly instalments of Rs. 75 for a Rs. 100 purchase were common. 44

As far as interest rates were concerned, Darling's observation that the system of calculating at compound interest was, "the most vicious feature of the system," remained valid throughout this period and applicable to

42. Ibid., p. 144.
43. FCSR, 1906, p. 5.
44. FCSR, 1908, App., p. iii.
the entire region.⁴⁵ The axe fell heaviest on the weakest. As stated earlier it was common for those with no security and little creditworthiness to pay the highest rate of interest as well as pander to the insatiable greed of the sahukār. While the more prosperous peasants commanded better terms, the poor peasant could ill-afford to displease the sahukār.

The following features were common to debt transactions throughout the region:

a) deduction on all loans advanced - usually 5 per cent - at the time of advance itself.

b) compounding of interest on a half-yearly basis.

c) calculation of interest for 13 months if a loan was taken in January and returned the following January. At times both the months were counted twice over.

d) most moneylenders kept cattle, fodder for which was provided by his clients.

e) often grain was sold to the moneylender who calculated at least one or two seers in the maund less than the market rate.

f) seed loans when given were taken back at 50 per cent interest normally, but the rate could go up to even 400 per cent in bad times.

By and large these conditions remained valid for the period. In fact the terms and conditions of transactions deteriorated along with the status of the peasant and general conditions. The Co-operative Societies, specifically credit societies, formed around the 1900s, could pick up only in the pre-first world war period. Stabilising and partial success of these invited hostility from the commercial classes. The moneylenders' reaction to the situation was two-fold. The first was a temporary scaling down of interest rates, which provide some relief and the second was to organise boycotts in combination with the arhtiás. The provincial enquiry noted that after the world war, interest rates were falling, cash deals came to be preferred as compared to the earlier grain deals and there was a gradual discontinuance of semi-feudal charges on credit.46 This was also stated in their evidence by some who appeared before the Committee, while for Multan rates as low as 7 per cent to 8 per cent were cited, in Montgomery too 9 per cent to 12 per cent interest rate was charged in the twenties as against 2 per cent per mensem earlier.47 However, as in other spheres of the economy a reversal of this downward trend was noted by the end of the twenties.48

46. PPBECR, op.cit., p.34.
47. Ibid., pp.945 and 1100.
48. Ibid.
Whereas specific data relating to indebtedness amongst various social classes in the Colonies is not available, except for a few facts from village surveys, certain broad trends emerge from a study of the reports of this period. While the volume of total debt was higher amongst the more prosperous, so that a kind of positive correlation emerges between holding size and the volume of debt, there was an inverse correlation between the size of holding and incidence of debt, so that the smaller the owner, the larger the debt per acre. Thus in Gajju Chak it was observed that owners were much more heavily in debt than tenants, with ownership of land proving to be of advantage in raising credit. 49 In Kala Gaddi Thamman, again, 93.4 per cent of the total amount borrowed - Rs. 96,509 - was by owners while tenants' borrowing amounted to only 2.8 per cent. 34 out of 58 owner-families in the village were in debt. 50 In Multan as well, indebtedness amongst large owners was high while at the end of the thirties, extension of credit to poor tenants had stopped as, "recovery from them was more difficult." 51

Although this to a large extent substantiates Darling's point that debt in Punjab was linked to prosperity, ........................................

49. BEIP, PVS, 6, op. cit., p. 85.
50. BEIP, PVS, 4, op. cit., p. 72.
51. BEIP, PVS, 11, op. cit., p. 121.
we shall here only reiterate that while this was true if the total volume of debt was taken into account, to conclude from this that the incidence of debt was higher amongst the prosperous peasantry would be misleading. Moreover, it would help to only cover up the miserable conditions in which a vast mass of poor peasants were eking out their existence even in the prosperous Colony tracts. These, as stated earlier, had in fact, to borrow on worse terms, and the possibility of their ever throwing off the burden if it existed at all earlier was ruled out once and for all by the depression.

As far as the purpose for which loans were contracted were concerned, despite the fact that the pattern was similar in the entire region, certain distinctions can be made. Loans for personal expenditure, for repayment of old debts, purchase of plough cattle were common causes; in non-Colony tracts loans for expenditure on wells continued to be significant and even increase along with greater uncertainty of sailao. Expenses on litigation and marriage went up with the status of the peasant. In Colony regions loans for redemption of old mortgages, often in original, home districts, were common.

Section - II- Sources of Rural Credit

The sources from which loans were taken were easily identifiable. The only official source for borrowing was
the 'takavi' scheme, which came under the Land Improvement and Agriculturists Loans Act, 1884. From amongst the traditional sources of borrowing were the professional moneylenders and the agriculturist moneylenders, whose operations were given a tremendous boost by the Land Alienation Act. Relatives, and women, were also a source of borrowing throughout this region though the extent of their lending operations is the most difficult to gauge. From the 1900s, the cooperative societies, specifically the co-operative credit societies emerged as a kind of semi-official source of lending.

Of these, the first could, perhaps, be written off the most easily. As early as 1904, Government of India admitted that loans under the 1884 Act, popularly known as Takavi were hardly given any more, whereas earlier, some money had been advanced for construction of watercourses and such improvements. As a multitude of problems came to the fore in the period immediately after Colonisation, government officials came out strongly in favour of a tough posture ruling out virtually all scope of offering any relief to agriculturists. Interestingly, while a proposal to launch a chanda scheme to advance loans to horse-breeding grantees for replacement of broodmares was ruled out, the loan application of certain individuals/families were entertained in view of their
'political importance'.\textsuperscript{52} While the Colonists' general problems were ignored, the request for a Rs.1,00,000 loan to Sadat Ali Khan and Kalab Ali Khan, of Kotkamalia, Montgomery was given a sympathetic treatment, "in view of the service rendered to the British by the family in times when we stood in need of assistance" and it was found to be a case in which "public funds may be justifiably utilised in aid of the family."\textsuperscript{53} Similarly, at a later date when the question of advancing loans under the 1884 Act, to carry on industries subsidiary to agriculture came up, the Punjab Government clarified that in the past such loans had neither been asked for, nor made.\textsuperscript{54}

Enquiries at the cultivators' end revealed that takävi was far from popular. While many did not know what the scheme was, those who knew, raised "familiar objections": relating to "difficulty in receiving a loan from government," they added that the "enforced punctuality of repayment acted as a deterrent."\textsuperscript{55} As compared to this the Arora's readiness to sell even cattle on instalments was convenient, even though the cultivators ended up paying more to him. In Gajju Chak, while

\textsuperscript{54} Comm. Ind., Comm. Trade, March 1916, B. Pro. 61, F. 104.
\textsuperscript{55} BEIP, PVS. 4, op. cit., p. 71.
peasants were familiar with the purposes for which takāvi was to be obtained, after 1892, no one had availed of it. By and large, loans were taken from moneylenders including when the option to borrow from a co-operative society was available. Thus I.D., an owner, and a member of the village co-operative credit society, borrowed from a moneylender of Talwandi Khajurwali to purchase a milch buffalo. In this particular case the reason lay in the borrower's express desire to keep his action secret, for, "publicity brings discredit which may have serious consequences, such as that of discouraging his fellows from giving their daughters to his sons in marriage." 56 This was as common a case for approaching moneylenders as the fact that for all official loans, "the lower official staff of the tahsil have to be gratified or they are likely to cause unnecessary delays." 57 Another common complaint was the rigid implementation of payment schedules. While for takāvi payments had to be made even when the harvest was bad, the moneylender would postpone the payment in an unfavourable season; no doubt interest would accumulate, "but the zamindar's honour would be saved." 58

56. BEIP, PVS, 6, op. cit., p. 110.
57. Ibid.
58. Ibid.
As compared to takāvi, co-operative societies were more successful. While these societies were formed all over Punjab from about 1900 onwards, they registered relatively greater success in the Colonies. By the 1920s the societies had developed upon their credit establishment, while at the same time branching off into a series of diverse operations. These included assistance in production and sale, supply of seed, distribution of agricultural implements, cattle and other insurance schemes. In the 1920s attention was paid to set up Commission shops in the bigger mandis to enable disposal of peasants' produce at reasonable rates. By the 1930s, with the progress of co-operatives, 64 Banking Unions and Central Banks were functioning; there were 12 Land Mortgage Banks which created credit by issue of mortgage bonds bearing interest and being payable to the bearer. These banks advanced loans against mortgages without possession.59

Nevertheless, the progress of co-operatives in the province was uneven. While in some districts there was tremendous scope, in others, societies came up against excessive problems. In Montgomery, the major block to development came in the form of resistance by moneylenders, who refused to accept payments due to them which would have led to finishing the debt contract; it soon became clear

59. At Ullah, op. cit., p. 192.
that the law was inadequate when it came to evicting a mortgagee in possession of land. In Multan, of the several societies set up since 1898, only 3 survived in 1906; in Shahpur one lone society, founded by Malik Umar Hayat Khan made any progress at all, although by 1910 things seemed to be improving in both the Colony and the old villages. The need for credit societies was also being strongly felt in districts like Lyallpur, where, despite all official claims of prosperity and security of agriculture, "while after a good harvest all are lenders, after a failure most are borrowers".

One may still ask the question as to how far the co-operatives served the purpose of providing support to the small cultivator? Or, did they serve as instruments in the hands of a few shareholders who were also the dominant landowners in the village, who could use the society to derive high dividends on their investments?

The Lyallpur village survey gives some clue to the real solution. In the course of the survey, it was observed that "tenants do not appear to join the village co-operative. credit societies as freely as the owners." Of its 53 members, 42 were landowners, 4 tenants and 7 menials or artisans.

60. PCCSR, 1906, p.6.
61. PCCSR, 1910, p.7.
63. BEIP, PVS, 4, op.cit., p.63.
In the Multan village, membership had increased by 1925, but the members were all enlisted by the leading landlord of the village and were all either his tenants or indebted to him. It was even alleged that loans were in reality paid to the landlord and some of the borrowers were ignorant of the fact that they were even members of the society. Many cultivators felt that the society was merely a device whereby the rich could buy off the lands of the poorer and cited the example of two members who had failed to meet their liabilities to the society and were compelled to sell their land to the leading landlord. It was believed that indebtedness to the non-agricultural moneylender was preferable since him "they could evade, or they could postpone his demands by entreaties and presents of fodder, or by handing over some of their cattle in part payment of their dues, this could not be done with a governmental concern." 64

Government conceded the existence of the problem in 1918 when it was mentioned that steps were being taken to diminish the predominance of a few shareholders, may be by "more restrictions on the distribution of profits". 65 However, there was clearly some divergence of opinion as regards the aim of setting-up of co-operative societies.

64. BEIF, PVS, 11, op. cit., p. 124.
65. PCSR, 1918.
As early as 1905-06, the Financial Commissioner, issued instructions and guidelines, with a view to keeping in check the desire of many in government, "to commence the experiment where it was likely to succeed," and to specifically pay attention to districts where the "poverty and backwardness of the people rendered such association especially necessary". In 1916, H.D.Craik, Revenue Secretary, Punjab, drew the attention of Government of India to the need to create conditions which would enable the small agriculturists to obtain capital for his needs on the same terms as the wealthy and powerful, an aspect which was treated as being of "minor importance" even by the Committee on co-operation in India.

The officials drew attention to the success of co-operatives by pointing out that in about 700 societies, spread all over the province, members were entirely free of Sāhūkārs' debts, while over, 1,000 societies were independent of any financial agency; in Lyallpur, Hoshiarpur and Jullunder districts, members had more money in their societies than they owed to them.

Proceeding along these lines, a specially positive relation was seen between Colonisation and co-operation, more

68. PCSR, 1920, p.15.
so on the basis of the fact that in most Colony districts, the majority of societies were in the Colony portions of the districts. 69

Clearly, official attention was turned towards 'success' in general, with no special attention being paid to ensure support to those who actually needed it. In Lyallpur, seen as ideal ground for progress in this sphere, the effort was to attract the savings of agriculturists, "rather than function merely as a cheap lending society". Keeping this in mind, the setting up of Bank Unions and a Central district Bank in the district, was seen as a good outlet of investment for the rapidly increasing capital of the Colony. What spurred the officials on along these lines was the fact that their hopes seemed to be materialising; by 1910 there were 57 societies in Lyallpur district with a capital of over Rs.3 lakhs; the district banks were "profitable business concerns", lending their surplus funds to other societies, and having neighbourhood banks amongst their clients. 70 There was a demand for more agricultural banks here, and officials directly connected with co-operation believed that "the Chenab Colony in particular offers a very wide field for progress in this direction." 71

69. PCSR, 1911, p.12.
70. PCSSR, 1910, p.6.
That the success of co-operation was not spread evenly across the Colonies, was admitted in Shāhpur, where, after the starting of the Central Bank at Sargodha, it was felt that "deposits were not flowing in with the speed one might hope to see in a Colony Centre;" it was conceded that while there is a "large amount of indebtedness" in the Jhelum Colony, "there is not yet much surplus wealth". 72

Thus Co-operatives, like takāvi, could not come to the rescue of the small agriculturist. While on the one hand it was not part of official policy to specifically aim at giving relief to this section; on the other, the strength and power of the moneylender was such that, "where the sāhukār has his grip on a village, no cooperative bank can hope to start, as none of the sāhukār's debtors, who most need the bank's help, dare join or borrow from it." 73

Moneylenders' reaction to the establishment of co-operatives was two-fold, but both stemmed from their basic attitude of seeing them as a "trespass on his special preserve". 74 On the one hand, the moneylender resorted to a temporary lowering of interest rate and on the other, combined with the arhtiās to put obstacles in the way of co-operative societies. Several boycotts were organised in Lyallpur, Sargodha, Sangla, Jalalabad, Gujranwala, Jaranwala and Toba Tek Singh. 75

72. FCOSR, 1910, p. 2.
73. PPBCOR, op. cit., p. 139.
74. FCOSR, 1907, p. 14.
75. At Ullah, op. cit., p. 274.
Thus while governmental sources of borrowing seemed to offer little relief to the agriculturist in need of credit, the hold of moneylenders on Punjab's economy, and specifically in the Canal Colonies, continued to deepen. Further, government's attitude to the problem was even more remarkable in that it actually expressed in a very general sense, satisfaction at the debt situation in the Canal Colonies. Official concern was, at this point, directed at identifying and hence may be siding with the 'lesser evil' amongst the moneylending groups. The question remained - could there by a 'lesser evil'?

Section III - Debt and Land Alienation

It may be recalled that ever since the 1880s onwards, a massive debate had gone on in official circles in Punjab as regards the state of moneylenders in Punjab, their role in society and the policy to be adopted vis-a-vis them.76 This discussion came to a peak in the years immediately preceding the passage of the Land Alienation Bill. The basic thrust of official policy as it evolved by the end of the 19th century consisted of two related features; The first of these was the need felt to tackle the problem of debt since it was considered necessary to check alienation and transfer of land from the agriculturist to the non-agriculturist classes. This was to be implemented on the

76. cf. V.D. Dungen, 1972.
basis of agricultural tribes as defined in the official schedule, drawn up on a districtwise basis. However, in drawing up this schedule not much attention was paid to the fact that defined 'agricultural tribes' did not necessarily follow an agriculturist's profession. This understanding was given legislative shape in the form of the Land Alienation Act and government felt the menace of moneylending had been checked. When later reports confirmed that though direct alienation to professional moneylenders had been restricted by this Act, it had in turn given a tremendous boost to agriculturist moneylenders, official response was lukewarm. In fact it was implicitly argued that since a large part of the debt was due to improvidence and thriftlessness of 'bad cultivators', there was no cause for concern if land was passing from their hands into those of industrious cultivators. This, in a sense, was an ideological defence of the rapid differentiation that was taking place in the region.

This, however, was not a uniform process, nor should this be taken to mean that professional moneylenders were a spent force. What does emerge from evidence available is that in the period 1900 to 1930 in many of the regions, especially in districts that were commercially more advanced, the scope of activity widened for agriculturist moneylenders. In Kala Gaddi Thamman, over
20 years, while the number of non-agriculturist moneylenders rose from five to ten, that of agriculturist moneylenders rose from 2 to 36 in the same period. The latter emerged as the principle source of borrowing for owners, tenants and labourers in the village. The village survey recorded that whereas some 19 per cent of debt was owed to professional moneylenders, "cultivators were not now primarily dependent on the non-agriculturist moneylenders". In this village, in fact, even loans taken from the co-operative society were almost double those from professional moneylenders. Of the debt in the village, 60 per cent was owed to agriculturist moneylenders and around 20 per cent to the Co-operative Society. In Gajju Chak, similarly, six Muslim agriculturists advanced money against security of a mortgage with possession but no interest. However, in Gajju Chak the greater portion of the debt due to outsiders was to Hindu moneylenders. In Durrana Langana, on the other hand, a fairly large portion of the debt was owed to non-resident, non-agriculturist moneylenders, including chānwarīs — weighmen — and milk-vendors of Multan City. In Montgomery district too,

77. BEIP, PVS, 4, op.cit., p.72.
78. Ibid.
79. BEIP, PVS, 6, op.cit., p.114.
80. BEIP, PVS, 11, op.cit., p.125.
only about 5 per cent of the debt was owed to agriculturists. 81

<table>
<thead>
<tr>
<th>Year</th>
<th>To Agriculturists</th>
<th>To Non-agriculturists</th>
</tr>
</thead>
<tbody>
<tr>
<td>1875-1879</td>
<td>46.2</td>
<td>53.8</td>
</tr>
<tr>
<td>1880-1884</td>
<td>52.4</td>
<td>47.6</td>
</tr>
<tr>
<td>1885-1889</td>
<td>63.0</td>
<td>37.0</td>
</tr>
<tr>
<td>1890-1894</td>
<td>70.4</td>
<td>29.6</td>
</tr>
<tr>
<td>1901-1905</td>
<td>70.2</td>
<td>29.8</td>
</tr>
<tr>
<td>1906-1910</td>
<td>75.5</td>
<td>24.4</td>
</tr>
<tr>
<td>1911-1915</td>
<td>75.86</td>
<td>24.1</td>
</tr>
<tr>
<td>1916-1920</td>
<td>81.16</td>
<td>18.8</td>
</tr>
<tr>
<td>1921-1925</td>
<td>77.7</td>
<td>22.2</td>
</tr>
<tr>
<td>1926-1930</td>
<td>75.5</td>
<td>24.45</td>
</tr>
</tbody>
</table>


As Table 6.2 shows there was a general trend in Punjab for increasingly more land to be mortgaged to agriculturists. This reached its peak around 1920; yet there was at least a partial reversal in the twenties itself so that by 1930 there was a 6 per cent increase in land mortgaged to non-agriculturists and a corresponding decline in area mortgaged to agriculturists in the same period.

81. PPBECR, op. cit., p.130.
Table 6.3

Mortgages to 'Non-Agriculturists'

<table>
<thead>
<tr>
<th></th>
<th>As percentage of total mortgages</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1874-75</td>
</tr>
<tr>
<td><strong>Central</strong></td>
<td></td>
</tr>
<tr>
<td>Lahore</td>
<td>60</td>
</tr>
<tr>
<td><strong>North-West</strong></td>
<td></td>
</tr>
<tr>
<td>Shahpur</td>
<td>91</td>
</tr>
<tr>
<td><strong>Central &amp; South-West</strong></td>
<td></td>
</tr>
<tr>
<td>Montgomery</td>
<td>89</td>
</tr>
<tr>
<td>Lyallpur</td>
<td>-</td>
</tr>
<tr>
<td>Jhang</td>
<td>75</td>
</tr>
<tr>
<td>Multan</td>
<td>30</td>
</tr>
</tbody>
</table>

Source: LRARP, relevant years.

Table 6.3 shows that the trend in the Colony districts was not very different from that for the rest of Punjab, although Lahore, Shahpur and Montgomery did not experience any check, leave alone a reversal in mortgages to agriculturists in the third decade. In Lyallpur, Jhang and Multan the general pattern for Punjab was repeated, with greater sharpness in fact. Lyallpur for instance, witnessed a 13 per cent increase in mortgages to non-agriculturists, and Multan followed close on with a 12 per cent increase.
### TABLE 6.4

**CULTIVATION OF MORTGAGED LAND IN THREE VILLAGES**

<table>
<thead>
<tr>
<th>Village/District</th>
<th>Mortgages registered in the years</th>
<th>Percentages of mortgages cultivated by:</th>
<th>Mortgagors</th>
<th>Mortgagees</th>
<th>Tenants-at-will</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Gajju Chak (Gujranwala)</td>
<td>1916-26</td>
<td>60</td>
<td>38</td>
<td>-</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>2. Kala Gaddi Thamman (Lyallpur)</td>
<td>1912-25</td>
<td>87</td>
<td>13</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>3. Durrana-Langana (Multan)</td>
<td>1919-38</td>
<td>-</td>
<td>50</td>
<td>50</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

Source: Village Surveys.
Interestingly, while efforts by government at checking the problem of indebtedness itself were hardly noticeable, at the end of the 1920s, a massive debate ensued, in government circles, regarding the state of moneylenders in the province, their role and, attitude to be adopted towards them. It may be recalled that as early as 1898, the Lieutenant Governor of Punjab had cautioned against any serious restriction of moneylenders' activities in view of the serious political implications of such a step. It was felt that interference would invite the wrath of both the moneylender and the agriculturist. That, even while passing legislation government did not wish to go too much against them was made clear by the Banking Enquiry which observed that they, in fact, constituted "the most important financing agency of the province." In 1928-29 there were about 19,000 moneylenders in the province, and one out of every four tax-payers in Punjab was a moneylender. In fact, many who appeared before the Provincial banking enquiry, argued that the moneylender was "far more supreme at present than he was about thirty years back". While co-operative societies, agriculturist moneylenders and so on had affected his business to some degree, they had

83. BECR, op.cit., p.12.
84. PPBEGR, op.cit., p.383.
not "affected his supremacy..."\textsuperscript{85} It was pointed out that moneylenders did have to wind up in Sikh and Arain Villages but this had only spurred them on to move to town to open commission shops etc., there, and by extending the scope of their activities. Some even emphasised that even in a district like Lyallpur, "the supremacy of the moneylender is there, it has not decreased."\textsuperscript{86} Darling drew the attention of the Agricultural Commission to the fact that while in some Colonies there was a tendency for the sāhukār to migrate to the town, on the other hand, rapid Colonisation in Montgomery "set up a brisk demand for capital, and the moneylender found ample scope for his activity."\textsuperscript{87}

The depression too, though it affected recoveries and accentuated the risk factor in terms of bad debts, is likely to have led cultivators to move over to moneylenders again since their mode of transacting debt is more likely to have withstood the onslaught of depression than that of agriculturist moneylenders of the official agencies.

It needs to be noted here that even though this period saw a rise in the activities of agriculturist moneylenders also, the anger of the peasant seems to have been

\textsuperscript{85} Ibid.
\textsuperscript{86} Ibid., p.401.
\textsuperscript{87} RCA, 1927, \textit{op.cit.}, p.593
directed more easily against the professional moneylender. Many stated in their evidence before the provincial banking enquiry that sentiment against moneylenders was building up, as a result of which too many moneylenders were shifting to towns. There were even references to dacoities etc. 88

Darling and other officials, ascribed part of this building up of hostility to the fact that as far as professional moneylenders were concerned, the relationship of the debtor-creditor at once coincided with a sharp caste/community distinction also. Most professional moneylending in Punjab was in the hands of three castes: the Bara, the Khatri and the Arorá, all three being Hindu. Professionals apart, the fact was that almost the whole amount advanced on credit in Punjab was advanced by Hindus, or at best Sikhs, while well over half of the debt of the Province had been incurred by Muslims.

Forming 57% of the rural population, Muslims owed approximately 80 crores out of a total rural debt of 135 crore rupees in the Province. 89 The moneylending castes were the butt of many a proverb in central and western Punjab.

88. PPBECR, op.cit., p.388. There are exceptions though. Thus in many places the moneylenders were seen as the 'Saviours' CE. A.R.Samundri, op.cit., p.17

89. Darling, 1925, op.cit., p.21.
Thus the Khatri had earned for himself the following reputation: Je Khatri Sir Khen Pāwe;
to bhi Khatri Khatt Lidwe
(even if a khatri puts ashes on his head, he will make a profit).

The Arorā was no less infamous: Kān, Kirār, Kute dā
Visāh nā kije sute dā
(even if they sleep, do not trust a cow, a Kirār or a dog).

In the villages, moneylenders often worked in close association with landlords more so since it was to the landlords that moneylenders turned for protection of their life and property. There was a kind of mutual dependence based on some commonality of interests, though this did not rule out conflict between the two.90

The question of mortgage was closely linked to that of alienation, sale of land, and price of land. We have earlier mentioned that incidence of mortgage went up in the Colony districts after 1912, subsequent on the grant of proprietary rights to Colonies. This was closely followed by rise in mortgage value of land, and a general increase in the price of land. Enhanced value of agricultural land enlarged the credit of landowners, making it

90. PPBECR, op.cit., p.221.
easier to raise funds. Government saw increased expenditure as a consequence of this enlarged credit:

Litigation, the consumption of intoxicants, extravagance in marriage ceremonies and so forth are all becoming more fashionable. Expenditure on such objects affected in varying and probably in increasing degree the financial condition of nearly all classes of agriculturists, except the very necessitous and, it certainly is a contributive factor of considerable strength in the increase of mortgage debt. 91

This was the general tenor of the official argument, although none less than the Financial Commissioner himself conceded at this time that increase in debt and, alienation, consequent upon mortgage was not due to such habits or expenditure alone. Thus it was at the same time recognised that the dealings of the Punjab agriculturists were, "on a more ample money scale than they were formerly," so that "occassional failure of such process owing to adverse climatic conditions or other reasons lands the cultivators in a greater deficit than formerly." 92

The trend towards increasing alienation of land and increase in value of land were by no means exclusive to the Colony regions. As early as 1889 Ibbetson had drawn attention to the fact that:

91. LRARP, 1920, p.18.
92. Ibid., Financial Commissioner's Review.
Our legal system not only affords facilities for enforcing alienations, but actually brings an unjust and one-sided pressure to bear upon the peasant, which eventually force him to part with his land.... 93

But Colonisation affected the situation in so far as by drawing a vast mass of peasantry into a network of more generalised commodity production, it also enhanced their vulnerability in view of a greater volume of money and commercial transactions. This opened up new vistas— for prosperity and for ruin. In so far as the financial foundations of the economy of this region were neither stable nor of long standing, the possibility of the emergence of a land market spelt ruin for a very large section of the rural population; this was particularly dangerous in as much as it was couched in a garb of apparent prosperity and rising production.

It was not just Colonisation, but even the prospect of canal irrigation influenced economic processes and perception. The Deputy Commissioner, Shahpur, provided an illustration of this. Early in 1896 he wrote that in the last five years a large part of the Bār land has, "passed by purchase into the hands of land speculators, chiefly moneylenders of Bhera and Miani towns." 94 This activity, he elaborated, was prompted by the hope that

93. GOI, Judicial, Dec. 1891, A pro, 234-300.
soon the Lower Jhelum Canal would be constructed, which meant that Bār land would become canal-irrigated and therefore, valuable, even though Bār lands in their then existing state did not command much value, "speculators offered tempting prices to the unthrifty cattle owners."\(^95\)

The Bār owners, still more of a pastoral than the agricultural type, yielded to the temptation and sold some portion of their land mostly uncultivated, grazing land, generally in the form of a share in the undivided common, carrying with it a right to exclusive possession of a large area when partition was carried out. Subsequently, construction of the canal was postponed, causing speculation to fall off considerably; meanwhile the Bār owners, had "got to know how valuable their land may become and had generally got wiser."\(^96\)

While the Colonies' report also talked of free use being made in Shahpur, of the power of alienation given by the Colony Act, it would be wrong to conclude from this that the emergence of a land market was proceeding along a uniform and even pattern, and having a similar impact everywhere.\(^97\)

Thus in the Thal circle in the same district, till as late as 1905, anyone who desired to own land had only to go ahead

95. Ibid.
96. Ibid.
and cultivate as much waste as he could. Even at the time of the 1915 assessment, a squatter had no difficulty in obtaining possession of land, provided he paid the revenue for it. Change, of course, was taking over here as well and it was noticed that, "the villagers are at last beginning to realise the value of their land" and were likely to evict squatters before long.98

While Shahpur, or at least parts of it, certainly, lagged behind, Gujranwala, Jhang and Multan were by 1913, among the districts which recorded the largest area sold. The district reports observed that while the figures for Jhang and Gujranwala seemed extraordinarily swollen because of the inclusion of sale of proprietary rights in Colony lands by Government, it was a fact that sales in old villages were also "numerous".99 In Multan, the process of alienation had begun much earlier, and the Commissioner reported that on the Sidhnai, "one-third of the Colony had already passed out of the hands of the original grantees by the early 1900s."100

Lest there be any doubt on the matter, the Land Revenue Administration Report clearly mentioned that by 1915, Lahore, Gujranwala, Montgomery and Lyallpur had all,

99. LRARP, 1913, p.15.
recorded an increase in land transfers as a result of debt-mortgage. 101 Again in 1920, of the eleven districts which recorded the largest sales of cultivated area in Punjab, four, viz., Multan, Montgomery, Jhang and Lyallpur were Colony districts. 102 This general trend continued and subsequent Land Revenue Administration reports reflected this.

However, the fact that alienation and transfer of land were going on, does not convey much in itself. The question remains as to who was selling, who to and what prompted the sale? Was the sale a speculative transaction, or was it a last ditch attempt by a cultivator to gain freedom from debt? Did the latter even exercise any choice in the matter of transaction?

Information on this count is extremely inadequate. The village surveys for Gujranwala and Lyallpur in fact rule out the notion that poor peasants were losing land to rich peasants, landowners, or moneylenders. In Gajju Chak, over a period of twenty years, no small owners - holding less than 5 acres of cultivated land - had lost land by sale. Two non-residents sold out completely but three small-holders increased their holdings by purchasing land within the same period, one of whom, a government servant, rose to being the largest owner with 78 acres.

102. LRARP, 1920, p. 17.
<table>
<thead>
<tr>
<th>Year</th>
<th>Lallpur Tahsil</th>
<th>Samundri Tahsil</th>
<th>Noba To Singh Tahsil</th>
<th>Chunian Colony</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cultivated</td>
<td>Sale</td>
<td>Average</td>
<td>Cultivated</td>
</tr>
<tr>
<td>area (in acres)</td>
<td>money</td>
<td>per acre (Rs.)</td>
<td>area (in acres)</td>
<td>money</td>
</tr>
<tr>
<td>1923-24</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Upto 1923-24</td>
<td>926</td>
<td>6,99,161</td>
<td>735</td>
<td>3-0</td>
</tr>
<tr>
<td>1924-25</td>
<td>1,788</td>
<td>4,19,898</td>
<td>817</td>
<td>15-10</td>
</tr>
<tr>
<td>1925-26</td>
<td>1,524</td>
<td>10,79,788</td>
<td>760</td>
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<tr>
<td>1926-27</td>
<td>1,166</td>
<td>9,40,423</td>
<td>767</td>
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<tr>
<td>1927-28</td>
<td>1,296</td>
<td>10,06,157</td>
<td>741</td>
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<tr>
<td>1928-29</td>
<td>1,165</td>
<td>8,11,195</td>
<td>675</td>
<td>6-11</td>
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<tr>
<td>1929-30</td>
<td>930</td>
<td>2,67,221</td>
<td>672</td>
<td>1-0</td>
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<tr>
<td>1930-31</td>
<td>1,439</td>
<td>6,51,210</td>
<td>534</td>
<td>10-6</td>
</tr>
<tr>
<td>1931-32</td>
<td>931</td>
<td>4,17,364</td>
<td>432</td>
<td>15-2</td>
</tr>
<tr>
<td>1932-33</td>
<td>603</td>
<td>2,72,917</td>
<td>431</td>
<td>2-5</td>
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<tr>
<td>Total upto 1932-33</td>
<td>11,215</td>
<td>79,42,991</td>
<td>682</td>
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<tr>
<td>Deduct Area Redeemed</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total at end of 1932-33</td>
<td>11,215</td>
<td>79,42,991</td>
<td>682</td>
<td>2-5</td>
</tr>
<tr>
<td>To Non-Agriculturists</td>
<td>Lyallpur Tahsil</td>
<td>Samundri Tahsil</td>
<td>Toba Tek Singh Tahsil</td>
<td>Chunian Colony</td>
</tr>
<tr>
<td>----------------------</td>
<td>---------------</td>
<td>----------------</td>
<td>----------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>Upto 1923-24</td>
<td>17</td>
<td>10,000</td>
<td>611-12- 3</td>
<td>6</td>
</tr>
<tr>
<td>1923-24</td>
<td>168</td>
<td>2,12,700</td>
<td>1,441- 4- 4</td>
<td>158</td>
</tr>
<tr>
<td>1925-26</td>
<td>3</td>
<td>63,000</td>
<td>6,987- 0- 0</td>
<td>33</td>
</tr>
<tr>
<td>1926-27</td>
<td>608</td>
<td>5,35,420</td>
<td>885- 9- 11</td>
<td>40</td>
</tr>
<tr>
<td>1927-28</td>
<td>79</td>
<td>1,88,699</td>
<td>2,388- 9- 6</td>
<td>45</td>
</tr>
<tr>
<td>1928-29</td>
<td>85</td>
<td>73,917</td>
<td>739- 2- 9</td>
<td>79</td>
</tr>
<tr>
<td>1929-30</td>
<td>201</td>
<td>1,58,076</td>
<td>712-10-10</td>
<td>28</td>
</tr>
<tr>
<td>1930-31</td>
<td>-</td>
<td>9,979</td>
<td>907-2-11</td>
<td>137</td>
</tr>
<tr>
<td>1931-32</td>
<td>259</td>
<td>1,81,975</td>
<td>623-15-8</td>
<td>82</td>
</tr>
<tr>
<td>1932-33</td>
<td>307</td>
<td>1,37,762</td>
<td>483- 5- 8</td>
<td>115</td>
</tr>
<tr>
<td>Total upto 1932-33</td>
<td>1,784</td>
<td>15,90,328</td>
<td>8,9- 8- 6</td>
<td>726</td>
</tr>
<tr>
<td>Deduct Area Redeemed</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total at the end of 1932-33</td>
<td>1,784</td>
<td>15,90,328</td>
<td>8,9- 8- 6</td>
<td>726</td>
</tr>
</tbody>
</table>

A.R., Samundri, op. cit.
A.R., Toba Tek Singh, op. cit.
A.R., Chunian Colony, op. cit.
of cultivated land. No instance was recorded in the village, of a sale to redeem a mortgage on other land.\textsuperscript{103}

In Kala Gaddi Thamman again, none of the sales transacted represented the small owner, being pushed off his land. In all cases, buyers and sellers were owners of more than twenty-five acres, and the purchasers were all Jat Sikh landowners of the same village. But here again, no land was sold to redeem a mortgage.\textsuperscript{104}

Interestingly, in this village, in 1925-26 government sold a piece of land about 10 acres in area, which had previously been cultivated by kamins.\textsuperscript{105}

Durrana Langana, however, was a different case altogether. Out of 941 acres sold in the village, 843 acres were purchased by the Dehar landlord family alone while one moneylender, an Arora, purchased the land of his debtor. Between 1900 and 1925, fifteen owners in the village had sold off their lands completely and become landless labourers. Of these thirteen had sold their land directly to the Dehar landlord. Thirty-three owners sold part of their less than 5 acres holdings to the Dehar landlord. Many of these became tenants-at-will or took to working as casual labour. Between 1925 and 1926

\textsuperscript{103} \textit{BEIP, PVS}, 6, \textit{op.cit.}, p.137
\textsuperscript{104} \textit{BEIP, PVS}, 4, \textit{op.cit.}, p.85.
\textsuperscript{105} \textit{Ibid.}
### Table 6.6
Sales to Agriculturists and Non-agriculturists (Punjab)

<table>
<thead>
<tr>
<th>Quinquennium</th>
<th>Percentage of Total Sales</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>To Agriculturists</td>
<td>To Non-agriculturists</td>
<td></td>
</tr>
<tr>
<td>Average of 1875-78*</td>
<td>62</td>
<td>38</td>
<td></td>
</tr>
<tr>
<td>Average of 1879-83</td>
<td>68</td>
<td>32</td>
<td></td>
</tr>
<tr>
<td>Average of 1884-88</td>
<td>69</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>Average of 1889-93</td>
<td>79</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>1901-6 to 1905-1906</td>
<td>71</td>
<td>29</td>
<td></td>
</tr>
<tr>
<td>1905-1906 to 1910-11</td>
<td>75</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>1911-12 to 1915-16</td>
<td>81</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>1916-17 to 1920-21</td>
<td>81</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>1921-22 to 1925-26</td>
<td>79</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>1926-27 to 1930-31</td>
<td>73</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>1931-32 to 1935-36</td>
<td>70</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>1936-37 to 1940-41</td>
<td>75</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>1941-42 to 1945-46</td>
<td>75</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>1945-46 to 1950-51</td>
<td>83</td>
<td>17</td>
<td></td>
</tr>
</tbody>
</table>

*Average of four years.

Source: Figures upto 1893 from Land Rev. & Ag. (Rev.), Oct. 1895, A, 72-73 subsequent figs. from LRARP, relevant years.
and 1935 and 1936 again, eight landowners holding less than five acres of cultivated land sold all or part of their lands in one or more sales transactions while one, owing more than five acres reduced it to far less by successive sales and took to cultivating on batai. At the same time, there was no instance in the village of anyone owning less than five acres of cultivated land purchasing any land over a period of thirty-seven years. The investigators recorded that in 20 out of 34 instances of sale the cause had, either wholly or partly been the need to pay off debt.  

Most of the district reports noted that land was fast changing hands all through this period. In Gugera, Montgomery, 41 per cent of the area had been sold to new agriculturists by 1894, of which "the area sold to persons of the moneylending class must actually have been somewhat large".  

In Khushab, Shahpur, similarly "original owners were being rapidly dispossessed". In Chunian colony, many looked towards the co-operative societies, "to protect the small men from the big who were looking forward to eating them up as soon as proprietary right should become a marketable property".  

106. BEIP, PVS, 11, op.cit., p.155.  
district area sold in depressed villages was "considerable" even though tremendous value was attached to land and sales were avoided to the last; at the same time in prosperous villages, there were "practically no sales of land in the whole period since last settlement". In Sharaqpur tahsil, between one-fourth and one-fifth of the land had changed hands over a period of forty years. While reports streamed in of the pace at which land was changing hands, officials did not find transfer figures, "disquieting". In fact it was repeatedly argued that "sales by one agriculturist to another only means that a competent farmer takes the place of an incompetent one..." 

This, however, should not be taken to mean that all sales transactions reflected the poverty of the agricultural community. In fact the following features stand out clearly in this period: (a) land presented itself at this time as one of the best forms of commercial investment; (b) considerable social value was attached to the ownership of lands; (c) ready money, to be invested in land, was available not only with speculators and moneylenders, but also rich and middle strata cultivators.

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111. A.R. Sharakpur, Gujranwala, op.cit., p.16.
This prosperity of a section of agriculturists was as much reflected in land sales, as the poverty and distress of another section. Nothing illustrates this better than the auction sales that government organised from time to time. A study of reports available on auction sales indicates that by the 1900s, land purchasers at auctions could easily be said to fall in two categories. On the one hand there were the auction-purchasers, the capitalists, who framed before they came to the auction, "a fair estimate of the return which would be earned by investing capital in the various Chaks offered for sale; "their estimate was based on a calculation of the cash rent for which a square would be leased. This class of purchasers did not find it profitable to acquire small areas and generally wanted ten to twelve squares if not an entire chak." While the desire of their class to buy land is reflective of the profits anticipated by them in agriculture, the case of the second category is even more revealing, these were the small buyers, often self-cultivators, offering competition to the first category.

Reporting on the sales in Chunian Colony, the Financial Commissioner commented on the "almost complete failure of the capitalists to compete with real zamindars who possess smaller means but are able to obtain higher

profits from the land." The Lahore Division Commissioner confirmed that in 1906, large capitalists were able to secure only a very small area, while they had to face "keen competition" and "fancy prices". The purchasers ultimately were Lahore barristers, Jat Sikhs, Kambohs, Hindu and Muslims, and two Khattris. The cultivator purchasers, it was found, "came fully provided with money, and in many cases, they paid 20 per cent of their bids on the spot in order to get possession", while the "city men were altogether outbid from the start". The officials supervising the auction gathered that while the city men had made up their minds that purchase "at more than Rs.150 per acre would not yield a fair commercial profit" and they expected the lands to go at that price, the cultivators were "prepared to give more" and did pay between Rs.390 and Rs.450 per acre for the Rakh Chor for instance. This should not lead us to conclude that purchase by capitalist was totally ruled out in these auction sales.

What emerges from this report is also the fact that both, affluent sections within the peasantry, as well as

116. Ibid.
117. Ibid.
118. Ibid.
urban residents were at this time interested in buying land in the Colony regions, as well as the fact that they were guided by a motive of anticipated economic gains. The Banking Enquiry Committee observed that land hunger in Punjab "had become almost a mania", and went on to quote statistics to show that between 1926-31, nearly six-and-a-half crore rupees had been paid, and many more promised, for Canal Colony land in the Punjab, Bahawalpur and Bikaner.119 These, it may be pointed out, included the depression years. The land hunger seems to have been pressed on by the fact that given the absence of development of industry or non-agriculture based commercial activity, land ownership offered the main channel for investment of capital that was accumulated. For the agriculturist in any case, land was a "great asset" and even the holder of the poorest field was proud of it, which also made him hold on to it till such time as sale was absolutely unavoidable.

All these factors contributed to an almost consistent increase in price of land. The settlement report for Jhang noted that till not so long ago much of the land in the district had "sold for a mere song".120 With the advent of canal irrigation, not only had price of

119. BECR, op.cit., p. 145.
120. SR, Jhang, 1906, op.cit., p.16.
land increased phenomenally, but the "divergence of the recorded from the actual price was also greater."\textsuperscript{121}

In the province as a whole, the Land Alienation Act had contributed to increase in price of land but in the Colonies, for up to the first decade of the twentieth century, restriction on alienation kept prices low for the moment.\textsuperscript{122}

Nevertheless, the following features stand out:

(a) there was a comparative equality/proximity between sale price and mortgage price which substantiated district reports' contention that usually the poorest land was sold.\textsuperscript{123} This of course did not include sales by absentee landlords, mainly capitalists and auction purchasers and army pensioners, as in the case of a large number of sales in Lyallpur district.\textsuperscript{124}

(b) That while much can be argued on the basis of a rise in the average price of land, the 'average' was no indicator since the value of land varied considerably. In much of Colony districts as well as the central districts of Punjab, land was selling at a price approximating or even above Rs.1,000 while the provincial average was Rs.275 per acre in 1919-20.\textsuperscript{125}

\textsuperscript{121. \textit{Ibid.}, p. 15}
\textsuperscript{122. LRARP, 1909, p. 2.}
\textsuperscript{123. LRARP, 1914, p. 12.}
\textsuperscript{124. \textit{Ibid.}, p. 11.}
\textsuperscript{125. LRARP, 1920, p. 19.}
(c) The variation in price was a result of various factors - quality, soil of land, rainfall, availability of water, proximity to a market, distance from railway line, whether situated at the tail of a distributary; whether the land was surrounded by immigrant colonists or it lay in a Jangli chak or a Muslim-dominated village and so on. 126 (d) Apart from a general increase in price of land, specific factors also influenced the movement from time to time. Rise in agricultural commodity prices, increased speculation in the market, or even pressure to invest in government's war loans - all these affected movement of land prices. (e) A slump and consequent tightness in the money market too had their impact. But what is essential to note here is that in Punjab there was a steady rise in the price of land even during depression years, with 1928-29 being the sole exception. While this seems paradoxical, it only underlines the point made earlier, that in an environment of limited scope for investment, purchase of land still seemed an attractive proposition for those who exercised the option at all. 127

For those at the other end of the sale transaction the thrust of Ibbetson's observation in 1891 was still valid:

127. LRARP, 1931, p. 27.
...our legal system not only affords facilities for enforcing alienations, but actually brings an unjust and one-sided pressure to bear upon the peasant, which eventually forces him to part with his land...128

Conclusion

To conclude we may make note of the following trends. Firstly, the volume of debt and the incidence of debt were both on the rise in the Canal Colonies in this period. While the former affected the richer sections of the peasantry, the high incidence of debt particularly affected the lower strata. This debt was largely owed to moneylenders who fell in two categories, agriculturist and non-agriculturist. In the Canal Colonies the years up to mid-1920s saw an increase in debt owed to agriculturist moneylenders but subsequently, during the depression a shift to professional moneylenders was again visible. The same pattern was reflected in mortgage and land sale patterns. Debt transactions with moneylenders, particularly agriculturists, in the Colonies were almost always a lever that the latter used to increase area under cultivation. This was a direct consequence of rising prices which rendered cultivation of commercial crops an advantageous proposition. Professional moneylenders, although not directly interested in the production aspect also preferred debts with mortgage since control over the

128. GOI, Judicial, December 1891, A.Pro. 234-300.
produce facilitated their commercial activities which increased considerably during this period. In view of the problem of increasing indebtedness the role played by government agencies - under the aegis of 'takāvi' - or government sponsored agencies such as co-operatives was marginal. While the latter gained some support and momentum in the Canal Colonies the co-operative movement also encountered resistance from the moneylending and commercial classes. Lastly, government's legislative sanctions against professional moneylenders proved inadequate, more so when combined with a veiled concern for them in view of its eagerness to not disturb the prevailing social order. As in the case of the trends noted in previous chapters with regard to prices and trade, and in the context of tenant-landlord relationships, the depression gave a setback to many of the positive, even when nascent, trends with regard to debt and land transfer. Although it would be absurd to conclude from this that the eastern Indian pattern came to be replicated here, it is true that while the large landowning as well as rich peasant sections emerged relatively unscathed from the depression, the poor peasants, in view of their enhanced vulnerability to factors beyond their control, were faced with ruin, and reduced to wage slavery.