CHAPTER VI

BANKING, TRADE AND COMMERCE

History of Indigenous Banking

The banking system in India has been practised since time immemorial The *Vedas*, *Manusmritis* and Kautilya's *Arthashastra* bear good testimony to the existence and efficient working of banking in old days. The method of banking in force was old and partook more of money lending, money-changing and *hundi*-business but it served the agriculture quite adequately. In the 11th and 12th century, *hundis* were extensively used by Indian businessmen. The whole system was very much different from modern banking system. It was carried on by *Sahukars*. Their business was quite flourishing and they enjoyed reputable position in the society[1].

In the medieval time also, there was neither any change nor any development in the banking practices for which political insecurity was mainly respon sible. The *Sahukars* occupied a very honourable position in the society and were in close contact with the rulers.

With the advent of the British, the old banking system declined. The *sahukar's* methods became outmoded and were by and large replaced by the modern system of banking.

Till 1912, the Sonipat tahsil of the district remained a part of Delhi district whereas Gohana and Ganaur were part of Rohtak district fill the reorganisation of Rohtak district. In the whole of the North India, the *sahukar* (*Bania*) and agriculturist money-lenders controlled the village economy and the poor peasantry was at their mercy for all their social and economic needs. As a shopkeeper, the *sahukar* preferred to have a lien on the agricultural produce He could in this way profit twice, once by buying cheaply from the producer to whom he had lent money, and then by selling it at a higher rate to individual consumers or in a *mandi*.

The indigenous system of banking was full of malpractices like high rate of interest, defective accountancy, etc. The *sahukar* used to safeguard his debt by keeping with him the agricultural land and the ornaments of his clients. The result was that once a borrower got into the clutches of the money-lender, he would live in debt and die in debt, leaving the debt to his next generation.

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1. Sharma, A.G. *State in Relation to Commercial banking in the Developing Economy of India* (Delhi, 1968, pp. 53-54).

Rural Indebtedness

After 1870, when the land became more profitable investment, the *sahukar* began to tight on his financial hold in such a way as eventually to oust the rural debtors 'from their lands.

To improve the economic condition of the farmers, two Acts (Land Improvement Loans Act, 1883 and Agriculturists Loans Act, 1884) were enacted by the Government. The loans were advanced under the provisions of the Acts to the needy persons for the construction of wells, purchase of fodder, seed and bullocks; and for the hire of the latter. Many a *Zamindar* was not in a position during the drought to purchase a pair of bullocks; for an expenditure of Rs. 6 to Rs. 10 he could get his lands ploughed and sown and avoided the cost of maintaining cattle. It was often said that a series of bad harvests and the indulgence that Government had shown in the collection of its demands demoralized the zamindars of the area. There were many farmers who took advances in the hope that they would be a free gift but the Government recovered a large sum of money. In those days, the agricultural banks were practically unknown.

The rates of interest charged in the Gohana area were heavy, being seldom less than one pice in the rupee per month and often amounting to double this or to 2 per cent per mensem compounded six monthly or oftener. The bulk of money-lenders who did not require the security of the land were *baniyas* or less frequently *Bohras*. The Zamindar when he took to money-lending usually required possession as mortgage.

Fanshawe wrote about the position of indebtedness of the rural people in the Settlement Report of 1879 ; an extract is as follows[1] :—

> "As a rule, the people are well-to-do and free from debt. The area which has been sold since last settlement is only 1.25 per cent of that cultivated, and the lands mortgaged amount to only 5 per cent of the same ; even this figure is above the normal state of things, and has been brought about by the drought of 1877-78. The land hypothecated bears a debt of 6¼ lakhs, or a sum about equal to two-thirds of a year's revenue, wet and dry. The indebtedness occurs largely in the Bangar and Rajput villages, and in some canal estates which have lived beyond their means. The ordinary rates of interest charged by the traders are : on the security of landed property 18 per cent, or in the case of large transaction, 12 to 18 per cent ; on personal security,

1. *Gazetteer of the Rohtak District* 1883-84, p. 82.

24 to 30 per cent ; on the security of a crop, a quarter as much again as the advance made. The accounts are generally settled yearly, and many cultivators do not need to have any recourse to the money-lenders, even in the seasons of famine. These seasons add no doubt heavily to the debts of many for the time-being, but a Jat is by no means a lost man because he mortgages his land ; he and his sons are nearly sure to redeem it sooner or later. The people complain of course of the revenue demand to all new officers *Oghahi Karri*, "they say, the revenue is heavy"; but in their hearts they know that it is light, and I never found a single authentic of debt caused by the necessity of paying revenue alone, although of course this is always put forward as the first reason. Enquiry from the people themselves, in almost every village of the district, has shown me that as long as a family has its proper complement of workers, male and female, it is well-to-do. But where sons are idle, or the father becomes old while they are still boys and unable to work or dies leaving them to the mother's care, or where there is no woman in the family, or only a bad one, the home is certain to fall into difficulties. Marriage expenses, the cost of litigation, the loss of cattle and other spetial causes of debt, exist of course ; but by far the commonest causes are thus given above, which may be termed or natural ones, and debts resulting from which are generally paid off in the end".

In the Sonipat area, the land improvements for which loans were granted took the shape of wells. During 1902-3, a sum of Rs. 11,020 was given as loan in Sonipat tahsil. Under the Agriculturists' Loans Act, *Zamindars* could obtain advances for the purchase of seed or plough cattle. Previous to 1896 the advances were of quite a nominal nature, but since then upto 1905—6, droughts and famines forced the Government to provide loans to the farmers. A very small sum of money was advanced in Sonipat tahsil under the Agriculturists' Loans Act.

Till 1910-11, there were no agricultural banks and urban societies to provide loans to the needy persons. The villagers of Mohna (tahsil-Sonipat) wanted an agricultural bank though they displayed unusual cohesion in consolidating their buildings and obtaining a repartition on a sound basis, yet they could get little success in setting up a bank due to the opposition of the *Bohras* (Money-lenders) of the village[1]. In the Nahra Village in the same tahsil there was a slight movement in the same direction but of no use, as the people were not of one mind.

1. *The Delhi District Gazetteer*, 1912, Part A, p. 118.

The position of indebtedness prevailing before the passage of the Land Alienation Act, 1900 in the Sonipat area was as follows :—

"The debts could be attributed to three main causes:—

(i) expenses incurred at weddings and funerals ;

(ii) bad harvests involving shortage of food for men and consequent reduction in the number of cattle; and (iii) litigation. To what extent the three causes capitulated are severally responsible must be largely a matter of speculation, but it is clear that only the second is unavoidable, though it can be minimised by improvements and executive action in the directions of granting facilities for the import of grain and fodder. There is an apparent tendency to reduce unnecessary expenses at domestic festivals, but litigation must, until education has become far more general, be a potent factor in keeping the debt figures at a high level ; at the same time litigation is seldom the first step but is rather the outer layer of the snowball and the histories of the debts bear a sorry similarity. A small debt for necessities is temporarily met by a deed which proves unconscionable ; the parties drift into courts and the sacred law of contract is upheld ; interested advice is given till the debtor has tried his luck in the highest court and the downfall is complete."

"The standard rate of interest between money lenders and *zamindars* is Rs. 2 per cent per mensem or 24 per cent per year, though, if a *zamindar* is in good circumstances, he will obtain money on better terms ; amongst themselves *zamindars* lend money at much lower rates, for example 12 per cent, and since the Jats especially lend money freely if they have it, probably 18 per cent is a fair average. A somewhat peculiar custom locally known as *rahti* exists by which petty sums of cash are obtainable ; a man will borrow Rs. 10 paying back the principal and interest in twelve monthly instalments of one rupee each[1]."

After 1870, when the land became a profitable investment, the money-lender began to impose such hard terms in his land mortgages that a mortgage nearly always ended in sale. Government arrested this faulty land policy by passing the Punjab Alienation of Land Act, 1900.

1. *Gazetteer of the Delhi District Part* A-1912, p. 118.

Mention has already been made of the fact that owing to the serious extent to which land was passing from the hands of the old agricultural tribes to these of moneyed classes; the Government was in 1901 compelled to place restrictions on the alienation of land in the Punjab. Under the Land Alienation Act, the Government in each district notified certain tribes as 'Agricultural Tribes' and classed as agriculturists for the purpose of the Act. All the persons holding land, who either in their own names or in the names of their ancestors in the male line were recorded as owners or as hereditary or occupancy tenants. A member of an agricultural tribe might not, without permission, sell or otherwise permanently alienate his land to any one who was not a statutory 'agriculturist' of the same village or a member of the same agricultural tribe or group of the tribes (for the present all the agricultural tribes of a district as counted as being in one group). Similarly, a member of an agricultural tribe might not mortgage land to any one who was not a member of the same tribe or group of tribes, unless the mortgage was in certain specified forms which fixed a limit to the period of usufructuary possession or else ensure the retention of the cultivating possession by the mortgagor[1].

Effects of the Act upon Money-lenders.—The *sahukars, sarafs* and *Banias* were debarred from acquiring mortgaged lands and were only entitled to their produce. From then onwards till the abolition of the Act (Land Alienation of 1900) in 1950, the class of agriculturist money lenders already existing came to fore and became more active in this direction.

The land-holders who had become rich on account of high prices, and ex-servicemen and retrenched service personnel who came home with money in their pockets turned into money-lenders. While the non-agriculturist money-lenders, deprived of land as a security, could only lend up to the limit of what could be repaid from the produce, the agriculturist money-lender to whom the Act did not apply, could afford to lend up to the value of the land.

The effects of the Act upon Peasantry.—It was assessed that the Act checked the underhand activities of the *sahukar* but did not help the peasantry much. The agriculturist money-lenders also exploited the peasantry as they liked gradually, the bulk of the mortgage debt passed into the hands of agriculturist money-lenders.

The following note about the rural credit after the passage of Land Alienation Act finds place in the *Delhi District Gazetteer*, 1912[2]:—

"The most striking feature, however, is the effect of the Land Alienation Act, whose opponents must now be numbered with the false prophets.

1. *Imperial Gazetteer of India (Provincial Series), Punjab*, Vol. I, pp. 114, 115.
2. pp. 119-120.

The *zamindars* now sell and mortgage just as much land as they did before the enactment, they obtain better the prices showin g that they have considerable resources of their own, and a much larger proportion of the mortgages are redeemed. Like all farmers the *zamindars* objected greatly at first to the Act on account of its novelty, but now that the benefits are being realised tribes excluded from its privileges clamour to be gazetted as agriculturists, adopting most amusing arguments and urging most nebulous claims to attain their object. Conditions under which transfers are made have varied considerably. In former days, the money-lender used to be the alienee almost as a matter of course, but now in the richer tracts they are plenty of well-to-do Jats and other agriculturists who will advance money freely. The non-agriculturists have still a considerable field for action in the poorer tracts which are held by sheikhs, and in some of the good villages which have previously passed into the hands of non-agriculturists, who in their turn have become impoverished. The Act has hit very hard the *Bohras*, who are always anxious to become landowners, but the petty village *Baniya* is not seriously affected as the management of an estate is not attractive to him and is only undertaken when he sees that there is no other hope of realising his dues."

In those days the people of Gohana area regarded the Act as the most beneficent measure of the Government passed within their memories. "If the Government hadnot stepped in", they remarked, "Our whole land would have passed on to the *banyas*".

The Government took various steps to counteract this position of indebtedness. Apart from setting up cooperative agencies, the Government regulated indigenous financing through various legislative measures, such as the Usurious Loans Act, 1918; the Punjab Regulation of Accounts Act, 1930; The Punjab Relief of Indebtedness Act, 1934, The Punjab Debtors' Protection Act, 1936 and the Punjab Registration of Money-Lenders' Act, 1938. But the money-lenders by-passed all these laws. They indulged in various mal-practices. Most transactions were either oral or against ornaments; promissory notes were obtained for a higher amount than what was actually advanced; even duplicate accounts were kept. All money-lenders did not obtain licences by getting themselves registered with the Deputy Commissioner.

Those who have made it as their side business, do not come forward for registration in the office of Deputy Commissioner. However, there were 5 licensed money-lenders in the district as on March 31, 1989.

After receiving Central guidelines to the state to evolve a policy to remove rural indebtedness, a legislation had been enacted in Haryana in 1975-76. The 1976 Act had provided relief to debtors whose annual income was below

Rs. 2400. The Haryana Relief of Agricultural Indebtedness Act, 1989 also provides that the propetry pledged or mortgaged by a debtor would be released if his debt is considered discharged after he paid back a sum twice the original principal. The Act also says that the interest payable on the debt would be calculated at a rate of 10 percent of the prescribed amount from time to time for agricultural loans, depending on whichever is more.

The Haryana Relief of Agricultural Indebtedness Act, 1989, applies to both private and Government loans to any body engaged in agricultural activity. Haryana is the first state to provide relief of this kind to farmers.

General Credit Facilities

The credit requirements in agricultural and industrial sectors are increasing. Prior to Independence the indigenous banking accounted for most of the borrowings. Although it still provides the bulk of the agricultural credit; yet the credit policy of the Government has been re-oriented to provide an effective alternative agency. Institutional credit system supported by adequate resources is combating indebtedness of the old type to a greater extent.

In addition to the cooperative agencies, institution like Haryana Village and Khadi Board provides credit facilities in the rural areas. The loans and grants advanced by the Haryana Khadi and Village Industries Board have been detailed in the chapter *Industries.'*

The Government also advances *taccavi* loans for seed, cattle and agricultural improvements under the Land Improvement Loans Act, 1883 and the Agriculturists' loans Act, 1884. The loans are provided to new entrepreneurs and others under the State Aid to Industries Act, 1935. Haryana Financial Corporation advances loans for the promotion of industry. It grants loans upto Rs. 30 lakh in case of limited company and registered cooperative societies and upto R. 15 lakh in other cases. It also gives foreign currency loans to industrial concerns for import of plant and equipment under World Bank Loan Scheme, where the cost of profit does not exceed Rs. 1 crore. The loans advanced by Financial Corporation, Haryana to the industrial sectors have been given the '*Industries*' chapter.

The *Kshetriya Gramin* banks have been set-up to provide loans to the needy persons for the purchase of buffaloes and other agricultural implements.

The government introduced a Mini Dairy Scheme during 1979-80 with the object of providing self-employment avenues to the educated unemployed youths. Under 20- point Programme such persons are provided with loans to start 3-Milch Cattle Scheme and 5-Milch Cattle Scheme. Under the above Schemes, 17 persons and 4 persons were given loans during 1981-82 and 1982-83, respectively. The 68 buffaloes during 1981-82 and 13 buffaloes during 1982-83 were purchased with such loans in the district.

Joint Stock Banks

Upto nationalisation of banks (1969), there was a slow growth of Joint stock banks but thereafter more branches were opened in semi-urban and rural areas of the district. In March, 1989, there were 72 branches of different banks in various parts of the district.

Good banking facilities are available at Sonipat, Gohana, Ganaur and Kharkhoda. A list of main joint stock banks with their branches operating in the district as on March 31, 1989, is given in the Table X of Appendix.

These banks mainly open their branches where there is a scope for business. The State Bank of India with its branches at various places is the local agent of the Reserve Bank of India and government transactions are handled by it in this capacity.

During 1988 89, there were 83 (22 Public and 61 Private) Joint Stock Companies in the district. The deposits and advances mobilised by the commercial banks in the district as on December 31, 1988 were Rs. 164.61 crore and Rs. 99.11 crore. The credit deposit ratio of commercial banks on December 31, 1988 was of 60.2

Cooperative Credit

The Co-operative Credit structure in the State can be divided into two broad categories, i.e. short and medium term credit and long term credit.

The long term credit is taken care of by two-tier structure having Primary Co-operative land Development Banks at tahsil level/sub-tahsil level and Haryana State Co-operative Land Development Bank at State level. Short and medium term credit is provided by a three-tier structure consisting of Primary- Co-operative Credit and Service Societies (Mini banks) at particular circle, Central Co-operative banks at district level and Haryana State Co-operative Bank at State level.

Salient Features

Short and Medium term loan

1. Short and medium term loans are provided for agricultural production and rural development.
2. The responsibility with regard to disbursement and recovery of loans and supervision thereof (financial earlier) has been transferred by the Co-operative Department to Central Co-operative Banks.

3. Cash Credit System has been introduced w.e.f. Kharif 1980.

4. The recognised viable primary societies are being developed into multipurpose societies.

Long Terms Credit

1. The long term loans are provided for such purposes as minor irrigation, water management, farm machinery, land development, horticulture, farm forestry, poultry, fishery, dairy development and all other similar activities.

2. The rate of interest for small and marginal farmers is 10% and for others it is 12.5%.

3. Now farmers can obtain loans upto Rs. 5,000 without mortgaging the land .

4. 65 percent of total loans advanced accounted for improving the conditions of weaker sections.

5. Special schmes for dry land farming are taken up.

The Co-operative movement started in the district with the enactment of the Punjab Cooperative Credit Societies Act, 1904, and the first cooperative society was registered in 1910. The cooperative movement gained momentum and made much headway with the passage of the subsequent Acts of 1954 and 1961 and 1984 . In 1988-89, there were 182 cooperative credit Societies; of which 159 were agricultural and 23 non-agricultural credit societies.

The agricultural cooperative credit societies include agricultural thrift and credit societies, agricultural multi-purpose societies and agricultural cooperative service societies. The primary object of these societies is to assist the farmer to increase agricultural production and to play a major role in the development of rural economy by providing adequate facilities for short and medium credit for fertilizers, improved seeds, better implements, marketing and storage and extension of advanced agricultural techniques.

The non-agricultural cooperative credit societies comprise urban banks, employees credit societies and others catering to the credit requirements of the non-cultivating section in urban and rural areas.

Besides, the primary coopratíve agricultural and rural development banks also advance the long-term loans to the farmers against the land mortgage for production purposes. Only 3 Primary Cooperative Agricultural and rural banks were functioning in the district during 1988-89.

Central Cooperative Banks.—There were 17 branches of Central Cooperative bank in the district as on June 30, 1989. Such banks issue short and medium-term loans to individual members through cooperative societies and provide financial accommodation to the affiliated cooperative societies for seasonal agricultural operations and the marketing of harvests. The details regarding liabilities and assets of such banks as on June 30, 1989 in the district are detailed below:—

(Thousand Rupees)

Liabilities	(Rs.)	Assets	(Rs.)
Paid up	22,286	Cash in hand	1,12,98
Deposits	1,79,669	Balance with banks in current account including all deposits	5,05,72
Reserves	9,264	Investment	36,31
Borrowings	13,71,100	Loans outstanding	27,16,48
All other liabilities	12,308	Interest	52,35
Total liabilities	3,60,627	All other assets	1,89,01
		Total assets	36,12,85

There was 1 Central Cooperative Bank in the district during 1988-89.

There were no indigenous high finance agencies in the district like commercial bankers' association or stock exchange.

INSURANCE

Private insurance companies covered life risk besides marine, fire, motor accidents and miscellaneous accident risks upto 1956 when the Life Insurance Corporation was established in the public sector. After this only General Insurance remained in the private sector. Before the formation of Haryana as a separate State, the companies working in the area for general insurance were: The Oriental Fire and General Insurance Company, Rohtak; New India General Insurance Company Limited, Rohtak; The Anand Insurance Company, Rohtak and the Northern Insurance Company, Rohtak.

With the nationalisation of life insurance business in 1956, the Life Insurance Corporation of India became the sole agency for life insurance, The Life Insurance Corporation (L.I.C.) also entered in the field of general insurance in 1964 and it started a sub-office at Sonipat in 1966. The general insurance too was nationalised in 1971. Subsequently, in 1973 general insurance business was separated from life insurance and General Insurance Corporation of India was formed.

The Life Insurance Corporation of India opened a branch office at Sonipat on April 1, 1979 in view of the high potential. The life insurance business done by L.I.C. during 1984-85 to 1988-89 is detailed below:—

Year	Life Insurance	
	Number of policies	Sum Assured
		(Rs. in lakhs)
1984-85	2,801	552
1985-86	2,990	706
1986-87	2,895	852
1987-88	2,350	741
1988-89	2,662	928

Small Savings

National Savings offer a complete plan of savings to all types of investors and savers, regular assets, investment of accumulated savings for earning annual interest or compound rate of interest, alongwith capital on maturity encashment, a provident fund for self employed, a regular income after retirement. etc.

Post Offices Savings Banks, cumulative time deposits, recurring deposits (1-year, 2-year 3-year 5-year time deposit), 7-year National Savings Certificates, 15-year Public Provident Fund, 6-year National Savings Certificates, 10-year Social Security Certificate, etc. constitute Small Savings Schemes. These schemes were introduced to instill the savings habit among people and to mobilise resources for a developing economy and at the same time these give them an opportunity to build capital assets out of their savings.

In addition to other functions, the small savings in rural and urban areas are also mobilised through the Post Offices. There were one head savings bank, 35 sub-savings banks and 135 extra-departmental sub-savings banks in the district as on March 31, 1989. The table below gives the number of savings bank accounts and the amount deposited during 1983-84 to 1988-89:

Year	Number of Post Office savings Bank Accounts	Amount deposited
		(Rs. in lakhs)
1983-84	3,390	379·53
1984-85	3,592	422·04
1985-86	2,394	514·51
1986-87	4,089	547·63
1987-88	4,088	691·69
1988-89	4,975	853·26

The Deputy Commissioner, Superintendent of Post Offices and District Savings Officer are jointly controlling authorities of savings schemes in the district.

For the promotion of small savings, the National Savings Organization has posted a District Savings Officer at Sonipat. The other schemes of small-savings are discused below:—

School Savings Bank Scheme (Sanchayika).—The scheme was introduced in the district in 1972-73. Almost all schools are covered under this scheme. The year-wise progress of the scheme is given below:—

Year	Total number of sanchayika	Students enrolled	Amount collected during the year
			(Rs. in lakhs)
1983-84	123	45,285	2·50
1984-85	136	52,255	6·35
1985-86	147	62,365	7·21
1986-87	147	62,365	7·47
1987-88	148	63,065	7·49
1988-89	155	77,940	8·26

Pay-Roll Savings Groups.—This scheme is boon for the fixed income-group and salaried persons. It is popular among the workers in the organised sector. District small savings officer persuades employers and employees in the public and private sectors to start pay roll savings groups in their establishments. Under this scheme, the regular deduction is made from the salary of the employee and is further credited to recurring deposit/Cumulative time deposit accounts at the post office.

This scheme develops the habit of savings and fulfills the needs of short-time necessity. The yearwise progress of the scheme (during 1983-84 to1988-89) is given below:—

Year	Total groups during the year	Membership during the year	Collection during the year
			(Rs. in lakhs)
1983-84	174	23,116	49·91
1984-85	185	26,729	54·72
1985-86	212	30,909	89·20
1986-87	214	32,768	105·71
1987-88	218	34,428	111·32
1988-89	219	36,290	124·27

Mahila Pradhan Kshetrya Bachat Yojana.—The formerly known as Area Savings Leader Authorised Agency was introduced on 1st April, 1972. Under this scheme only women workers were authorised within a specified area for convassing the deposits under C.T.D/R.D. accounts. Such workers earn commission at the rate of 4 percent on the deposits mobilised by them.

The yearwise progress from 1983-84 to 1988-89 is given below:—

Year	No. of agents during the year	No. of accounts opened during the year	Collections
			(Rs. in lakhs)
1983-84	30	3,076	27·72
1984-85	36	2,678	46·78
1985-86	41	3,495	43·97
1986-87	48	3,988	53·79
1987-88	50	5,673	93·09
1988-89	56	6,879	94·20

Standarised Agency System.—Individual and registered organisations are appointed as authorised agents under the Standarised Agency System for National Savings Schemes such as time deposits accounts and National Savings Certificates in the post offices. They contact the investors, convince them for deposits, collect money from them and deposit the collected amount in the post office. They help the investors at the time of withdrawl also. They are paid commission on the business booked through them. The details of the system is given below:—

Year	Scheme holders	Collections
		(Rs. in lakhs)
1983-84	72	357·61
1984-85	86	558·23
1985-86	96	598·32
1986-87	108	687·41
1987-88	115	797·92
1988-89	111	1,093·13

Extra Departmental Branch Post Masters.—There were 135 Extra-departmental branch post masters as on March 31, 1989. Till the beginning of 1973-74, some of them were authorised as agents under agency system but afterward they were allowed to conduct small savings work. This is a very good scheme to popularise the savings in the rural areas and help the villagers in mobilising the savings. They are paid commission at the rate of 2 per cent for long-term security and 1 per cent on the net savings bank deposits at the end of March. The year-wise progress during 1983-84 to 1988-89 is given in the table below:—

Year	No. of extra departmental branch post masters	Collection made during the year
		(Rs. in lakhs)
1983-84	126	64·00
1984-85	130	55·00
1985-86	135	68·00
1986-87	130	64·00
1987-88	130	167·38
1988-89	135	155·29

CURRENCY AND COINAGE

Before introduction of decimal coinage in 1957, the silver coinage consisted of the rupee, the eight *anna* and four *anna* pieces and the nickel coins consisted of the two *anna* and one *anna* pieces, besides the copper pice. A rupee converted into 16 *annas* or 64 pice. The *anna* was equivalent to 4 pice.

The decimal coinage was introduced in the country from April 1, 1957, and it took time to become current. The conversion tables were displayed at all prominent places of money transaction. Naya paise, came to be called paise and pre-fix *naya* was dropped from June, 1964.

TRADE AND COMMERCE

In the 19th century, trade was confined to movement of grains, cotton, raw sugar, ghee and hides to the nearby markets of Delhi and Meerut by small traders and agriculturists. These goods were carried mostly in carts. The imports were chiefly cloth, tobacco, sugar, salt and hardware.

In the early 20th century (1912) the agricultural products from Sonipat area were exported direct to various markets. From Sonipat both chillies and *gur* were sent direct to Calcutta. From the canal region wheat was sent to Bombay. In those days Murthal (Morthal) and Kheorah villages (after tahsil markets) of the then Sonipat tahsil were considered the main markets.

The nature and direction of trade have since undergone change. In 1989, the usual articles of export were wheat, gram, *jowar*, *bajra*, *gur*, *shakkar*, oilseeds, cotton seeds, chillies and green and dry fodder.

With the growth of industries in the recent past, the district has started exporting many products like bicycles, bicycle-parts, rubber goods, buttons, *Niwar*, steel tubes, glassware, sewing machines parts, tapes and medicines.

The Sonipat district has good commercial contacts with many other countries. The details about the main industrial units of the district which exported their manufactures in 1989 to other countries, are given below:—

Serial No.	Name of the Industrial Units	To the countries goods exported
1.	Atlas Cycle Industries, Sonipat ..	Many countries
2.	Bharat Steel Tubes, Ganaur ..	Afganistan, Iran, Nepal
3.	Gedore Tools, Kundli ..	Romania, Egypt, Saudi Arabia

1. *Gazetteer of the Delhi District Part* A, 1912, p. 164.

1	2	3
4.	Hilton Rubber, Rai ..	France, Holland
5.	Bharat Leather Udhyog, Nathupur	Kuwait, Tanzania, Poland
6.	Hindustan Everest Tools, Rai ..	Asian countries
7.	Rubber Reclaim Co. of India, Bahalgarh	..
8.	Mercury Rubber Mills ..	U.S.A., U.K., Australia
9.	Plastic Cot Industries, (P.) Limited	..

The district earned a sum of Rs. 1193.18 lakh due to export during 1988-89. The specific items of export with their number of units and value of exports are given in the table below:—

Items of export	No. of Units	Amount earned due to export
		(Rs. in lakh)
Handtools	2	463 ·96
Conveyor/V. Belts	1	35 ·79
Fairshed leather	3	125 ·00
Compressor	1	4 ·25
Steel tubes	1	202 ·26
Cycles	1	361 ·92

The buffaloes of this area are in great demand as far away as Bombay and Calcutta.

During 1988-89, the imported goods of the district consisted of cloth, tobacco salt, medicines, stone slates, iron and steel, coal, industrial raw material such as lithophone, dyes, raw rubber, latex, zinc oxide, sulphur, broken glass, soda ash and cotton-yarn.

Regulated Markets

To save the cultivator from the evils of unhealthy market practices and ensure fair price to the farmer for his produce, the Government regulated the markets under the Punjab Agricultural Produce Markets Act, 1961. All the usual course of trade in agricultural produce from producer to consumer is handled through middlemen who are wholesalers, retailers and commission agents or *arthtias*. Market committees representing growers, dealers, cooperative societies and the Government are set-up for these markets. These committees regulate sale and purchase of goods.

Each village of the district has been attached with one market or the other and the provisions of the Act are applicable to the whole of the area where transactions, delivery and weighment are done. Each market has a principal market yard. In addition, there are sub-market yards in the town itself or in adjacent villages. Some of the sub-market yards are occasionally prescribed for special commodities for facility of working.

The main arrivals in the main regulated markets are detailed in the Table XI of Appendix. During March, 1989 there were 3 regulated markets and 9 sub-yards in the district. The average number of villages served for regulated market was 110.

The usual course of trade in the district is through the secondary markets called *mandis*, where business is transacted daily. The produce is handled in large quantities and specialised operators perform different services. The sellers receive prompt payment in cash or by *hundis* from the commission agents. These *mandis* serve as assembling points for local produce or produce received from distant markets. Storage facilities are also available. From these markets (*mandis*), the goods are despatched to other consuming markets by the traders.

These markets provide a system of competitive buying, eradicate mal-practices and ensure the use of standardised weights and measures. They also provide uniform market rates.

All the regulated or unregulated markets are centres of wholesale as well as retail business. Certain markets specialise in certain commodities. For example, Sonipat specialises in *gur* and Murthal in chillies.

CATTLE FAIRS

Before the enactment of the Haryana Cattle Fairs Act, 1970, the cattle fairs were controlled, managed and regulated by the Panchayat Samitis concerned. The income accrued from cattle fairs used to be credited into Samiti Fund. On the enactment of the Act *ibid*, the right of holding of cattle fairs vested in the State Government since 24th November, 1970. At present (1988-89) six cattle fairs are organised every year as per dates given below :—

Sr. No.	Name of cattle fair	Date of commencement
1.	Gohana	.. *Jeth Sudi Dasmi* (May—June)
2.	Gohana	*Kartik Badi Ashtami* (September—October)
3.	Gohana	*Posh Badi Dasmi* (December—January)
4.	Kharkhauda	*Asad Sudi Ashtami* (June—July)
5.	Kharkhauda	*Sawan Sudi Puranmashi* (July—August)
6.	Kharkhauda	*Magh Sudi Chhatt.* (January—February)

The dates of these cattle fairs are determined according to the Vikrami Samvat and therefore, do not fall on the same dates every year according to the Georgarian Calendar. The cattle fairs are organised with a view to offering facilities to the traders and farmers to purchase and sell their cattle. Most of the cattle trade in this district consists of buffaloes. Besides, bullocks, oxen horses, mules and donkeys are also brought for sale in these cattle fairs. Sellers and purchasers from the neighbouring States of Delhi, U.P. and Rajasthan come to transact the business of cattle in these cattle fairs. A fee is charged @ 4 Paise per rupee on the sale price of the cattle from the purchasers. Besides this, Rs. 2 are charged from the sellers for registration of the cattle, brought in the cattle fairs, on its sale. This transaction takes place through *Parchi* writers, who are engaged on commission basis.

The income of cattle fairs do not form part of State exchequer, which is kept seperately in the personal ledger Account. After deducting all the expenses incurred on cattle fairs and the concerned establishment charges, the net income is apportioned between Panchayat Samitis and Government in the ratio of 80:20, which is spent only for welfare and development of cattle in the State.

The data regarding income accrued and expenditure incurred on these cattle fairs of Sonipat district from 1973-74 to 1988-89 may be seen in the Table XII of Appendix.

Weights and Measures

Towards the close of 19th century, the weights and measures prevalent in the district varied from one part of the district to other. Though accounts were sometimes made up with the *map* 1¼ maunds), *barola* 2 sers) and *matkana* (¼ Ser), yet no such actual measures of capacity existed.

The weights and measures prevalent in the Sonipat area during 1912 were as follows :—

> "The weights used for ordinary purposes are according to the standard scale of *maunds, seers* and *chhattaks*. Dealers in ivory recognise the avoierdupois pound : jewellery is weighted by the common Indian weights called *chawal, ratti, masha* and *tola*[1]".

The English yard with its sub-divisions into feet and inches was in common use, but *darzis* sub-divided the yard into 16 *girahs*, on the analogy of 16 *annas* in the rupee or 16 chhattaks in the *ser*; *mistris* who required a small unit sub-divided the inch into 8 *sut*. Builders recognised as a unit a building yard (*Imarti gaz*) which was 33 inches in length and was sub-divided by them into 24 *tasu*.

The rural measure of the area was the *kachha bigha* which was 5-24 ths of an acre ; close to Delhi itself the people in speaking of the *bigha* referred to the *pakka bigha* which was 3 times the size of the *kachha bigha*. The unit of land measurement was the *gatha* of 99 inches.

Till 1941, there was no use of standard weights and measures. With the increase in the commercial and industrial activity in the country, this chaotic state created a sense of uncertainty in trade. This situation made it easy for the traders to defraud their customers. To remedy this evil the Punjab Weights and Measures Act, 1941 was passed.

The metric weights and measures were introduced in the district in October, 1958, under the provisions of the Punjab Weights and Measures (Enforcement) Act, 1958.

The Inspector, Weights and Measures at Sonipat supervises the accurate weights, and measures, through frequent inspections and periodical stampings.

Storage and Warehousing

In villages, people store agricultural produce in houses, *kothas* or in bags. In markets, the commission agents and cooperative marketing societies

1 *Gazetteer of the Delhi District*, PART A, 1912, p. 138.

maintain godowns. Mills and factories maintain godowns at their premises to stock their raw material and finished manufactures.

Godowns maintained by private dealers and cooperative marketing societies were not of desired specifications. To organise better warehousing, the Agricultural Produce (Development and Warehousing Corporation) Act, 1956 was passed and later improved upon by the Warehousing Corporation Act, 1962. The Haryana Warehousing Corporation was established on November 1, 1967. It was authorised to acquire and build godowns and run warehouses for the storage of agricultural produce and other notified commodities.

In 1988-89, the Corporation was running warehouses at Gohana and Ganaur, Pugthala and Kharkhoda and total warehousing accommodation at these centres was 9,770 M.Ts. The rate of the storage charges was 90 paise per bag per month .

Besides, the godowns and warehouses run by the Food Corporation of India are as follows :—

(Figures in mts.)

Centre	Owned	ARDC
Sonipat	10,000	2,500
Gohana	21,930	..
Bandepur	..	20,000
Ganaur	..	5,000

CO-OPERATION IN TRADE

Marketing, Supply and Processing

The operations relating to marketing, supply and processing are undertaken by HAFED, the Haryana State Co-operative Supply and Marketing Federation at the state level. It is the appex institution under which the primary co-operative Marketing and processing societies work at mandi level. The Primary Co-operative credit and Service Societies, though an integral part of Co-operative Credit Structure, supplement the efforts of this sector by undertaking supplies of agricultural inputs.

Salient features

1. Marketing of almost all agricultural commodities produced in Haryana; and

2. Supply of fertilizers, seeds and other agricultural inputs.

The Co-operative Marketing Societies were functioning at Sonipat, Ganaur, Kharkhoda and Gohana during 1988-89.

The membership of the cooperative marketing societies consist of primary societies and individuals. These societies facilitate the operations of the affiliated cooperative institutions and perform multifarious functions. They supply seed, manure, agricultural implements, etc. to the members; make arrangements for the marketing and processing of agricultural produce, primarily of its members ; maintain godowns, undertake running of warehouses for the storage of produce and act as agents of the Government for procuring agricultural produce. They disseminate knowledge of the latest improvements in agriculture among its members and provide a news service to them about the market rates and allied matters. They propagate knowledge of cooperative principles and practices and undertake such other activities as are conducive to the attainment of these objects.

The membership and number of these societies from June, 1986-87 to March 1988-89, are given below :—

Particulars of Cooperative Marketing Societies	Position as on June 30.		March 31, 1989
	1986-87	1987-88	1988-89
1. Number	5	5	5
2. Membership	5,509	5,664	7,651
3. Share Capital (Rs. in lakhs)	14·55	14·32	14·92
4. Working capital Rs. in lakhs)	72·50	79·77	92·07·
5. Owned funds (Rs in lakhs)	134·17	132·72	140·60
6. Business turnover (Rs. in lakhs)	1,007·18	387·42	375·45

Consumer's Co-operative Stores

Consumer's Co-operatives in Haryana are functioning in a three-tier structure, i.e. the primary co-operative consumers' stores, the Central Co-operative Consumer's wholesale stores and the Haryana state Federation of Consumer's Co-operative wholesale stores(Confed) at state headquarters.

To ensure better distribution of consumer goods, the consumer co-operative stores were introduced under a scheme sponsored by the Government of India in 1963. These stores perform an important function by helping the consumers to get their daily requirement at reasonable rates. These cooperative stores supply various goods of common use through cooperative marketing and village service societies to the rural areas of the district. These also undertake wholesale business in sugar, foodgrains and controlled cloth. The major portion of the income is derived from the wholesale business which enables them to steady price. During 1988-89, one Central Co-operattive Consumer's Store Ltd. was functioning. Besides this, confed Haryana is also distributing sugar, levy rice, imported oils and controlled cloth. Confed has one district office at Sonipat and area office at Gohana to handle wholesale and retail business.

Public Distribution System

Major fluctuations in the prices of foodgrains and the difficulties experienced by Consumers led to the introduction of P.D.S. For distribution of foodgrains and other essential commodities, initially the Government started a net work of fair price shops in urban and rural areas. With a view to ensuring availability of wheat, rice and sugar in open market for consumption by the general public, the Government issued various licensing orders. Prior to 1978, there were following three licensing orders for foodgrains:—

1. Haryana Wheat Dealers Licensing and Price Control Order, 1973 ;
2. Haryana Rice Dealers Licensing Order, 1978 ;
3. Haryana Foodgrains Dealers Licensing Order, 1977.

The State Government amalgamated the above mentioned three licensing orders and issued a combind licensing Order for dealing in all foodgrains including wheat and rice. This combined licensing order had been issued under the name and style of the Haryana Foodgrains Dealers Licensing and Rice Control Order, 1978. Besides, three licensing orders given below were also existing during the year 1978 :

1. The Haryana Sugar Khandsari and Gur Dealers Licensing order, 1978,
2. The Haryana Pulses Dealers Licensing Order, 1977;
3. The Haryana Edible Oil Seeds and Edible Oils Dealers Licensing order, 1977.

These orders were further amalgamated and a single composite Licensing order, namely, the Haryana Food Articles (Licensing and Price Control) Order, 1985 was issued in year 1985. According to the provisions of this ordera person is required to obtain a license for the commodities and quantity indicated against each as under :—

A.	**FOODGRAIN**	
1.	Rice	4 quintals or above
2.	Barley	—
3.	Bajra	10 quintals or above for each foodgrains
4.	Maize	—
5.	Wheat	Exceeding 25 quintals
	Total:	39 quintal or above
B.	**OTHER ARTICLES**	
1.	Pulses	10 quintals or above for all pulses taken together
2.	Edible Oilseeds	Exceeding 30 quintals
3.	Edible oils	Exceeding 5 quintals all edible oils taken together
4.	Sugar	Exceeding 10 quintals
5	Gur and Khandsari	Exceeding 100 quintals

Haryana Government further amended the Haryana Food articles (Lincensing and Price Control) Order, 1985 on 24th May, 1988, and prescribed the following stock limits for the dealers of Wheat commodity :—

1. Two hundred and fifty quintal, in case of dealer ;
2. a dealer who owns a chakki driven with electric motor of less than 60 horse power, the storage limit shall not exceed one hundred and fifty quintals ;
3. a dealer who owns a chakki driven with electric motor of 60 horse power or more, the storage limit shall not exceed five hundred quintals ;
4. a dealer who owns roller flour mill, the storage limit shall not exceed two months grinding capacity.

The State Government also promulgated the Haryana Prevention of Hoarding and Maintenance of Quality (Orders), 1977 to check the hoarding of essential commodities and to regulate the supplies thereof.

For the purpose of distribution of foodgrains and essential commodities a system of fair price shops has been introduced. There were 340 such shops (80 in urban areas and 260 in rural areas) in various parts of the district as on 31st March, 1989. As on 31st March, 1989, there were 22 purchase centres in the district for procurement of wheat for the central pool. Sonipat, Ganaur and Gohana are the three main markets in the district where there are heavy arrivals of wheat and paddy.

Market Intelligence

Both buyer and seller must be well-acquainted with the demand and supply position in order to strike a fair bargain. This will mean from the producers' side a regulated flow of supplies to the *mandis*, from the dealers' point of view adequate arrangement for handling the produce and its storage, and on the transport side availability of the right number of wagons or other transport at the required time.

For efficient marketing and right coordination of the forces of supply and demand, authentic information about the volume of marketable surplus, prices, arrivals, stocks and movements of the more important agricultural commodities is very essential. Market news about the rates of commodities is disseminated to the public through boards displaying rates outside the offices of the market committees, radio news bulletins, newspapers, etc. Some market committees send daily information card to the *sarpanches* of the villages served by them.

Besides, the producers are always encouraged to approach the market committees for eliciting information regarding the marketing of the agricultural produce.