CHAPTER VI

BANKING, TRADE AND COMMERCE

BANKING AND FINANCE

INDIGENOUS BANKING

The banking plays a very important role in the economic development of any state or country. Banking, in its broadest sense, means an industry which produces the service we all credit. The earliest Indian settlement is traced in the villages, where the people were wholly engaged in the village and cottage industries allied to or dependent on agriculture. Since time immemorial indigenous banking has played a key role in the monetary organization of the country. Indigenous bankers have always occupied a respectable place because of their services to the community. In the epic period, it had been found that not only banking was reserved to the *vaishyas* but the state had entrusted itself in banking and loans were granted to the public during the period of distress from the royal treasury at the rate of twenty percent per annum[1].

इहैव सन्तः प्रतिदद्यम् एनज्जीवा जीवेभ्यो नि हराय एनत्।
अपमित्य धान्यं यज्जघ्यसाहमिदं तदग्ने अनृणो भवामि।। अथर्ववेद *6/117/8*

In this hymn of *Atharvaveda,* the borrower says that by returning the borrowed food grain (*apamitaya*) he is setting himself free from the debt[2]. *Vedas*, *Manusamriti* and Kautilya's *Arthashastra* is replete with facts that there were in existence powerful guilds of merchant bankers who received deposits, advanced loans and carried on other functions very much akin to modern banking. A series of invasions from sixteenth century onwards and consequent political instability no doubt undermined their status and standing. But individual bankers continued to prosper. Their importance can be gazed from the fact that even Aurangzeb, the most orthodox Mughal Emperor, and the East India Company were obliged to honour them.

The village economy traditionally was controlled by the *sahukar,* and the poor peasantry was at his mercy for all their financial 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 more important credit instrument that was circulated by the indigenous bankers was *hundis* for facilitating trade and commerce. Their main function was to take deposits from the surplus units and advance money to the deficient units. The indigenous bankers in towns and villages had roaring banking business and they also enjoyed a respectable social status.

The system, however, received some jolt during the Muslim period in Indian history. There was uncertainty and insecurity felt by the indigenous bankers during the new system of administration introduced by the Muslim rulers. The bankers combined intelligently banking and commerce, and continued their main business. They advanced loans to the state and many of them maintained connections with the royal courts to get the royal patronage.

Another setback befell on the indigenous banking system with the advent of the British rule in India. The new rulers introduced modern banking and uniform rate of interest throughout the country. This was against the working of the differential and variable interest rate pattern followed by the indigenous bankers. But since the money market and capital markets were not organized and broad, the indigenous bankers got enough opportunity to make out an existence. The British rule thus witnessed the existence of two types of banking business in India-one organized and the other unorganized. The organized part was represented by the joint stock companies and cooperative banks and unorganized part was represented by the village money-lenders (*shahukars*), *mahajans* and so on. After the establishment of the agency, presidency banks and later joint stock banks, the unfettered role of money-lenders on the monetary and banking system of India was affected. The indigenous bankers came to play a declining but not an insignificant role.

After 1870, when land became a profitable investment, the *sahukars* began to tighten his financial hold in such a way as eventually to oust the rural debtors from their lands. They imposed such strict terms that a mortgage invariably ended in a sale. Government tried to improve this situation by passing the Land Alienation Act, 1900, which debarred the acquisition of the mortgaged land by *sahukars*[3]. The Act checked their underhand activities but did not help the peasantry. The *sahukars* now deprived of land as security, did not risk lending more than the produce from the land could cover up. The vacuum thus created was filled by a new class of agriculturist money-lenders. The big agriculturists who had become rich on account of high prices and the ex-servicemen and retrenched service personnel returning home with sufficient money turned into money-lenders. As the Act did not apply to this class of money-lenders, they exploited the peasantry in the manner of their predecessors, the *sahukars*. Gradually, the bulk of the mortgage-debt passed into the hands of the agriculturist money-lenders, and by 1920 half of the then agricultural debt of the district had been lent by them.

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

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. However, the money-lenders by-passed all these laws, and they were also indulged in various mal-practices. They did not obtain licenses by getting themselves registered with the Deputy Commissioner. 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.

After the independence, a number of government and semi-government agencies like Haryana Financial Corporation, Industrial Development Corporation, Haryana Khadi and Village Industry Board, cooperative banks, joint stock banks, etc. have also been gradually established in the state to save the loanee from the clutches of the money-lenders and to provide finance in urban as well as in rural areas on fair terms and at reasonable rate of interest.

After receiving central guidelines for evolving a policy to remove rural indebtedness, the Haryana Relief of Agricultural Indebtedness Act was enacted in 1976. The Act provided relief to debtors whose annual income was below ₹2400. The Act has been amended from time to time. The Haryana Relief of Agricultural Indebtedness Act, 1989 provides that the property pledged or mortgaged by a debtor would be considered released and his debt would be considered discharged after he paid back a sum twice the original principal at any time.

The Haryana Relief of Agricultural Indebtedness Act, 1989, applies to both private and government loans extended to anybody engaged in agricultural activity. Haryana is the first state to provide relief of this kind to farmers. Though, the institution of indigenous banking has lost its importance yet it has not been completely eliminated. The money-lenders, *sahukars* and the *arhtias* (commission agents) still dominate the economy of the rural sector in the district.

COOPERATIVE CREDIT

The idea of using cooperation in India as a means of combating rural indebtedness and supplying rural credit was suggested first by Sir Frederick Nicholson in 1895-97. However, a real beginning of the cooperative movement in India was made with the Cooperative Credit Societies Act, 1904 which enabled the organisation of credit cooperatives. This Act provided for the formation of credit societies only. The main object of this Act was to deal with the stagnation of poorer classes and more specifically of agriculturist who constituted the bulk of population. This Act was found deficient to the growing needs of people so a new Act was passed in 1912 which gave a fresh impetus to the cooperative movement especially to the formation of non-credit societies and central institutes[4]. In the beginning of 20th century, the government came forward to provide credit facilities to the cultivators through cooperative credit societies with an Apex Cooperative Bank at the top. The cooperative credit institutes provide facilities for short and medium term credits under crop loan scheme for fertilizers, improved seed, agricultural implements, marketing, storage, and extension of advanced agriculture techniques. The usual sources of short term finances of farmers were the money-lenders who charged exorbitant rates of interest and resorted to many malpractices to cheat the ignorant and illiterate cultivators. The cooperative credit society represented an organisation with a very selective membership advancing nominal amount as loan to meet a limited number of contingencies, seldom related to production and with negligible local participation in its resources. The objective of cooperative movement during the period was not to replace the money-lenders but to introduce wholesome practices in the dealing of private/government money-lending agencies. However, the cooperative movement registered considerable progress after the enactments of 1954 and 1961. The cooperative structure afterwards occupied a pre-eminent position in the institutional framework of agricultural credit.

The progress made by cooperative institutions in the Panipat district has been impressive; they compete with the commercial banks in mobilizing savings and also providing credit facilities to the agricultural sector. As in 2011, the district has 1364 cooperative credit societies, out of which 32 are agricultural credit societies and 22 are non-agricultural credit societies. Besides, there is a Central Cooperative Bank with 22 branches and one District Primary Agriculture and Rural Development Bank in the district. The details regarding the membership, working capital, deposit and loans of the agricultural and non-agricultural co-operative societies functioning in the district during 2005-06 to 2010-11 are given in the table below:-

Agricultural Societies

(₹ in lakh)

Year	Number of Societies	Number of members	Working capital	Deposits	Loans advanced
2005-06	93	99,318	25,232.96	365.96	21,428.24
2006-07	28	96,109	26,107.54	572.35	22,376.47
2007-08	30	1,00,934	27,758.12	398.43	25,596.64
2008-09	31	1,06,203	31,503.64	307.06	21,964.20
2009-10	32	1,11,689	33,930.96	331.33	26,065.85
2010-11	32	1,14,662	39,124.19	368.99	32,652.56

Non-agricultural Societies

(₹ in lakh)

Year	Number of Societies	Number of members	Working capital	Deposits	Loans advanced
2005-06	25	1936	266.81	129.07	61.01
2006-07	25	1931	260.60	128.92	48.32
2007-08	23	1650	252.19	87.98	33.48
2008-09	23	1629	253.79	90.10	29.82
2009-10	22	1576	422.39	79.15	18.04
2010-11	22	1598	436.95	28.56	18.39

PANIPAT CENTRAL CO-OPERATIVE BANK LIMITED

The Panipat Central Co-operative Bank Limited came into existence in April, 1994 after the bifurcation of Karnal Central Cooperative Bank. The bank advances short and medium term loans to individual members through its affiliated cooperative societies. The working capital of the bank is derived mostly from the share capital contributed by the cooperative societies and their deposits. This bank is serving the rural and urban population with economical assistance with the help of 22 branches and 32 Primary Agricultural Cooperative Societies (PACS). List of branches of the Panipat Central

Co-operative Bank Limited as on 31 March, 2011 is given in the Table-XVII of Appendix. In March 2011, the share capital of the bank was ₹1624.78 lakh and working capital was ₹49,195.47 lakh, while its deposits amounted to ₹18846.27 lakh. The details of share capital, working capital, deposits, loans (short term and long term) advanced for the financial years 2005-06 to 2010-11 are given in the table below: -

(₹ in lakh)

Year	Share Capital	Working Capital	Deposits	Loans advanced	
				Short term	Long term
2005-06	1,154.59	31,124.47	10,728.24	29,668.56	2,317.50
2006-07	1,324.30	35,013.90	12,110.74	33,456.41	2,433.62
2007-08	1,343.78	37,930.49	12,539.03	37,472.25	1,343.84
2008-09	1,440.31	39,717.78	14,945.54	26,734.60	679.24
2009-10	1,478.63	43,775.99	19,364.35	31,202.33	522.56
2010-11	1,624.78	49,195.47	18,846.27	39,746.34	818.68

PRIMARY CO-OP. AGRICULTURE & RURAL DEVELOPMENT BANK

The land development banks have been organized for the purpose of providing long term credit facilities to farmers for installation of tube-wells, improvement of lands and payment of old debts. The security for these loans is immovable property. In 2010-11, there were two branches of the bank in the district: one in Panipat tehsil and other in Samalkha. The progress of land development banking for last six years is given in the table below:-

(₹ in lakh)

Year	Number of members	Number of Shares	Working Capital	Loans advanced	Loans outstanding
2005-06	21877	238148	7,102.30	653.13	4,616.19
2006-07	22051	211372	6,550.19	401.59	4,064.87
2007-08	21986	174080	1,152.67	578.35	3,436.43
2008-09	22427	102253	7,262.40	1,007.82	3,988.93
2009-10	22799	198635	8,184.72	1,018.02	4,401.76
2010-11	22964	96416	7,706.08	311.61	4,117.86

COMMERCIAL BANKS

Commercial banking or Joint Stock Banks started in the district before independence but its rapid expansion came after the independence. The first branch of a commercial bank in Panipat was opened by State Bank of India in 1958. The other banks which opened their branches in the district before the formation of Haryana included the State Bank of Patiala, Punjab

National Bank and the Central Bank of India. The former too opened their branches at Samalkha where as the latter had its branch at Madlauda. Commercial banking rapidly expanded after 1966, particularly after Nationalization of Banks in July 1969 when 14 major commercial banks were nationalized. After nationalization, the commercial banks re-oriented their lending policies and procedures from security-oriented to production-oriented, class-banking to mass-banking and credit-worthiness to repaying-capacity. These commercial banks carried on normal bank activities like remittances and advances against securities and other goods. The State Bank of India as the local agent of Reserve Bank of India handled all government transactions. Besides these, almost all the major private banks like Axis Bank, IndusInd Bank, ICICI Banking Corporation Bank, Karur Vysya Bank Ltd, HDFC Bank, Centurion Bank, Bank of Punjab, the Royal Bank of Scotland N.V. etc. are presently doing their business in district through a wide network of their branches. The nationalized commercial banks, cooperative banks and private scheduled banks are spread throughout the interiors of the district and there are 124 branches of different banks in various parts of the district. The number of branches of nationalized commercial banks, cooperative banks and other banks working in the district in 2010-11 is given in the table below:-

Name of the bank	Number of branches in the district
State Bank of India	10
State Bank of Patiala	08
Central Bank of India	04
Punjab National Bank	15
Cooperative Banks	15
Other banks	72
Total	**124**

LEAD BANK SCHEME

Lead Bank Scheme was launched in the country after nationalization of banks in 1969 to provide integrated banking facilities. The main objectives of the lead bank scheme were to improve the tempo of economic growth by providing gainful employment to the people particularly the small borrowers and by reducing regional, economic and functional disparities by correcting imbalances in the economy. Through this scheme, above aims were sought to be achieved by improving the credit flow through the integrated credit planning in the rural areas. In Panipat, the Punjab National Bank has been assigned the responsibility of ‘Lead Bank’ since the formation of the district.

After launch of this scheme in the district, there has been a phenomenal change in the network of bank branches. As on 31st March, 2011, 94 branches of commercial banks, 6 branches of the gramin bank, 22 branches of the district central co-operative bank, 2 branches of the district primary cooperative agriculture & rural development bank are catering to the credit needs of the people in the district under the scheme.

To carry out an orderly and planned development of the district, ‘Action Plans’ have been drawn up on yearly and ongoing basis. These plans have been undertaken in consonance with the objectives of ‘Service Area Approach’ initiated by Reserve Bank of India for forging an effective link between the bank credit in the rural sector and for increasing production and income levels of rural population. While drawing up annual action plans, an attempt has been made for taking into account the lending programmes of various financial agencies operating in the district and development programmes of district agencies of the State Government. Plans so prepared, take into consideration various potentials like non-credit inputs, infrastructural facilities available, etc.

Sector-wise details of the targets and achievements under Annual Action Plan of the district for the year 2010-11 are as follows:-

(₹ in lakh)

Sector	**Targets**	**Achievements**	**Percentage**
Agriculture	82,649	75,334	91
Micro Small Enterprises.	1,03,774	1,42,825	138
Tertiary	31,882	29,963	91
Total	**2,18,305**	**2,48,122**	**113**

An analysis of the above data reveals that overall achievement of all financial institutions was 113 per cent. The percentage achievement under agriculture and allied activities, MSE and territory sectors was 91,138 and 91 percent, respectively. Achievement in MSE is much better than targeted but agriculture and tertiary sector fell short of the target at the rate of 9 percent.

INSURANCE

Prior to the formation of the Life Insurance Corporation of India in 1956, the life insurance business was carried out by various number of private companies which covered life risk, motor accidents and miscellaneous accidental risks. With the nationalization of the life insurance business, Life Insurance Corporation of India became the sole agency for life insurance and its main objectives include spreading the life insurance widely particularly in rural areas to socially and economically backward classes with a view to reach all insurable persons in the country and providing them with an adequate cover on death at reasonable cost. The Life Insurance Corporation of India opened its sub-branch office at Panipat in 1956 with its main headquarter at Karnal. Later on, in 1962 the sub-office branch was up graded as a full-fledge branch at Panipat. In 1986, another branch was also opened at the Panipat. As in March 2011, there were 27 development officers and 1272 agents in the district.

The Life Insurance Corporation of India also advances loans to its policy-holders, institutions and agencies (government, semi-government and others). The performance of the Life Insurance Corporation in the district from 2003-04 to 2010-11 is given :-

(₹ in lakh)

Year	No. of policies	Sum assured	No. of policies	Sum assured
	Branch -I		Branch -II	
2003-04	12240	10815	15469	12418
2004-05	9673	9059	13057	13266
2005-06	----	11638	12157	12102
2006-07	13700	13778	16528	13139
2007-08	11642	11939	14480	13222
2008-09	9393	13839	11600	15801
2009-10	10764	15099	12639	16839
2010-11	9767	17527	12801	20424

Private company like ICICI Prudential Life Insurance, ING Vysya Life Insurance, Max New York Life Insurance, Tata AIG Life Insurance, Bharti AXA Life Insurance, Aviva Life Insurance etc. are also engaged in the business of life insurance in the district from last few years.

Before the nationalization of the general insurance on 1st January, 1973, a number of private companies including LIC were engaged in the work of general insurance. On 1st January, 1973 general insurance companies were nationalized and an apex body known as General Insurance Corporation (GIC) came into existence under the provisions of the General Insurance Business (Nationalisation) Act, 1972. Under the General Insurance Corporation 4 subsidiaries, namely Oriental Fire and General Insurance Company Ltd., New India Insurance Company Ltd., National Insurance Company Ltd., and United India Fire and General Insurance Company Ltd., were formed. These subsidiaries were allowed to transact general insurance business in the country on the behalf of GIC. The GIC and its subsidiaries had a monopoly on the general insurance business in the district like elsewhere in India until April, 2000 when the Insurance Regulatory and Development Authority Act, 1999 came into effect and the insurance business was liberalised paving way for private companies in this segment. The General Insurance Business (Nationalisation) Act was amended in 2002 and its role as holding company of its subsidiaries ended on 21 March, 2003 and the ownership of its subsidiaries was transferred to the Government of India.

Besides these, there are number of private companies like Reliance General Insurance, Cholamandalam MS General Insurance, ICICI Lombard, Tata AIG Insurance etc., who are engaged in the business of general insurance in the district.

The coverage period for most general insurance policies and plans is usually one year, whereby premiums are normally paid on a one-time basis. The risk covered under the general insurance are broadly of three types viz. fire, marine and miscellaneous insurance. Under the miscellaneous insurance, there are different types of insurances including motor insurance, aviation insurance, crop insurance, accidental insurance, medical insurance etc.

SMALL SAVINGS

The Small Saving Scheme was introduced in order to inculcate the habit of saving particularly amongst the rural people and to mobilize the public saving for planning and development purposes. The Small Saving Scheme was started during the 2nd world war by the British government and certain certificates were introduced to float loans from the public to meet out the war expenses. After Independence, the central government established National Saving Organisation in 1948 which was restructured as National Saving Institute having 10 regional centres all over India to promote the small savings in the country to tap the resources for developing the economy.

Various schemes for small savings like Post Offices Savings Bank, Post Office Time (1, 2, 3 and 5years) Deposit, 5 years Post Office Recurring Deposit, 5 years Monthly Income Scheme, 15 years Public Provident Fund, 5 years Senior Citizen Schemes, 5 years National Savings Certificate, 10 years National Savings Certificate (NSC IX Issue) are available as readymade solutions tailored to suit the needs of people across the country and to link the

Small Savings to the smallest unit of the people i.e. an individual.

In addition to other functions, in rural and urban areas, some specific small savings have been mobilized through the post office. As on 31st March 2011, there are 20 sub-savings banks and 67 extra departmental sub-savings banks besides one headquarter savings bank in the district. As on 31st March, 2011 an amount of ₹1376.44 lakh stands deposited in 6938 savings bank accounts in post offices of the district.

The Deputy Commissioner, Superintendent of Post Office and District Small Savings Publicity Officer are jointly controlling authorities of Small Savings Schemes in district and solve difficulties regarding intensification of small savings and complaints of depositors and agents. The National Savings Institute has posted a Savings Officer for the promotion of small savings in the district. The other schemes of small savings are detailed below:-

School Savings Bank Scheme (Sanchayika).— This scheme was introduced in the schools of the district in 1972-73 with the dual objective of encouraging the habit of savings among students at an early age and to teach them the operation of banking in a practical way. The year-wise progress from 2000-01 onwards is given below:-

(₹ in lakh)

Year	Total number of Sanchayika	Students enrolled	Amount collected during the year.
2000-2001	125	39085	7.03
2001-2002	123	31630	7.56
2002-2003	121	31982	7.53
2003-2004	135	37816	8.21
2004-2005	137	35357	7.94
2005-2006	130	31354	8.83
2006-2007	130	35414	8.22
2007-2008	117	24163	5.54

*data not received for period after the year 2007-08 from SSSD.

Pay Roll Savings Groups.— This scheme is boon for the income group and salaried persons. It is popular among the workers in the organized sector. The District Small Savings Officer persuades employers and employees in the public and private sectors to start ‘payroll savings groups’ in their establishments. Under this scheme, the regular deduction is made from the salary of the employees and is further credited to Recurring Deposit/ Cumulative Time Deposit Accounts at the post office. This scheme develops the habit of saving and fulfils the needs of short time necessity. The year-wise progress of the scheme from 2000-01 to 2010-11 is given below:-

(₹ in lakh)

Year	Membership	Collection
2000-01	1718	6.51
2001-02	1800	7.71
2002-03	1803	7.99
2003-04	1931	12.06
2004-05	1889	12.25
2005-06	1925	12.94
2006-07	1762	13.52
2007-08	1869	15.18
2008-09	1809	14.92
2009-10	1813	14.96
2010-11	1769	13.44

Mahila Pradhan Kshetrya Bachat Yojna.— Earlier this scheme was known as Area Savings Leader Authorized Agency and was introduced in April, 1972. Under this scheme, only women workers were authorized, within a specified area, for canvassing the deposits, Recurring Deposit accounts. Such workers earn commission at the rate of 4 per cent on the deposits mobilized by them. The year-wise progress from 2000-01 to 2010-11 is given below:-

(₹ in lakh)

Year	No. of agents during the year	No. of accounts opened during the year	Collection
2000-01	70	6862	1145.63
2001-02	84	6276	1170.63
2002-03	93	6186	1203.45
2003-04	110	6346	1213.32
2004-05	118	6146	1210.02
2005-06	140	6178	1211.03
2006-07	150	6481	1013.32
2007-08	175	6490	1211.43
2008-09	180	6594	1244.53
2009-10	188	6572	1253.44
2010-11	195	6571	1411.21

Standardized Agency System.—Individuals and registered organizations are appointed as authorized agents under the Standardized Agency System for national saving schemes such as National Saving Certificates and Term Deposit Accounts in the post offices. They contact the investors, convince them for deposits, collect money from them and deposit the so collected amounts in the post office. They help the investors at the time of withdrawal also. They are paid commission on the business booked through them. The number of scheme holders with the collection made under the system during the years 2000-01 to 2010-11 in the district is given below:-

(₹ in lakh)

Year	Scheme holders	Collection
2000-01	6144	68.04
2001-02	5950	75.47
2002-03	7142	83.32
2003-04	7568	48.10
2004-05	4340	77.96
2005-06	3500	70.73
2006-07	3908	60.24
2007-08	4008	42.73
2008-09	3888	40.71
2009-10	3668	38.82
2010-11	3690	38.44

Extra Departmental Branch Post Masters.— There were 69 extra departmental branch post masters as on March 31, 2011. This is a very good scheme to popularize the savings in the rural areas and help the villagers in mobilizing the savings. These post-masters are paid commission at the rate of 2 per cent of long term security and 1 per cent on the net saving bank deposits at the end of the financial year.

CURRENCY AND COINAGE

The history of Indian Civilization throws light upon the various phases of the gradual development of currency and coinage. In the Vedic Age, pieces and lumps of gold (*rukma*) were used in place of coins, and in the *Rig-Veda* there is a reference to the gold *Mana* and old semitic measures or coin. Though barter system prevailed in this area during the reign of Chandragupt Maurya, yet people were not unfamiliar with use of copper, gold and silver coins. The *Arthashastra* of Kautilya bears a testimony to the existence of metallic currency in the district. Accordingly, silver coins were made up of four parts of copper and one sixteenth part of any of the other superior metals. Copper coins (*tamarupa*) were in much use.

Since the time of Akbar (1556-1605 A.D), the currency in region adjoining Delhi had come to consist of the gold *mohar* and the silver rupee, which both weighed 175 grain troy. There was no fixed legal ratio between them, though each of the coins bore a fixed ratio to the *dam*, the copper coin of the Mughal Empire. Under the Mughal rule, the mercantile affairs of the kingdom were transacted in round *mohars*, rupees and *dams*. The copper coin (*dam*) formed the fortieth part of the silver rupee. For the purpose of accounts, the *dam* was divided into twenty-five parts, each of which was called *jital*. Up to 1616 A.D. the official rate of exchange was 40 *dams* for a rupee, but from 1627 AD onwards the rupee was worth 30 *dams* or a little more or less.

Under the Hindu rule, preference was generally given to gold, while the Muslims showed a predilection in favour of silver. The Sikh rulers used the silver rupee coins and the gold *bugti* equalled five rupees. During their regime mints existed at Jalandhar, Amritsar and Lahore (Pakistan).

During the British rule, besides the silver and gold coins, currency notes were issued by the Presidency Banks of Bengal, Chennai and Mumbai. However, these notes were not legal tenders and their circulation was confined to the presidency towns. In terms of an Act passed in 1861, the Government withdrew the power to issue notes from the banks and the sole right to issue notes was vested within it. Notes were then issued in the denominations of ₹10, ₹20, ₹50, ₹100, ₹1000 and ₹10000. In deference to the public demand notes in the denomination of ₹5 were introduced by Act III of 1871. Popular demand and the restrictive nature of the currency circles gradually led to the 'universalisation of notes' during 1903 to 1911. Notes of denominations of ₹5, ₹10, ₹50 and ₹100 were universalised i.e. they were legally encashable outside the currency circle of issue. Universalisation of notes gave a considerable impetus to the value and volume of paper currency circulation in India. The one rupee note was first introduced on November 30, 1917 followed by the exotic 'Rupees Two Annas Eight' in January 1918.

Government of India continued to issue currency notes till 1935 when the Reserve Bank of India took over this function from the Controller of currency. The Reserve Bank of India was established on April 1, 1935 in terms of the Reserve Bank of India Act, 1934. The Bank made its first issue of notes in the denomination of ₹5 in January 1938; ₹10 in February; ₹100 in March and ₹1,000 and ₹10,000 in June 1938; issue of ₹50 notes was discontinued and these notes gradually went out of circulation. The issuance of notes in the denomination of ₹50 was later revised in 1975. In August 1940, the one rupee note was reintroduced, once again as a war measure in terms of the Currency Ordinance of 1940. This time, however, it was not a promissory note but a Government note with the status of a rupee coin. The note was thus 'Fiat Money' i.e. it assumed its value on the basis of Government authority. The issuance of notes of Rupees Two *Annas* Eight was contemplated and Rupees Two note was introduced instead on 31 March, 1943. The new design note of ₹10 was introduced in 1944. In 1946, high denomination notes of ₹1,000 and ₹10,000 were demonetized to curb unaccounted money. After 1947, the King George VI series continued to be issued as a frozen series till 1950 when post Independence notes were issued[5]. The first note issued by Independent India was that of 'One Rupee' issued by the Government of India through the Bank in 1949[6]. The Ashoka Pillar drawn from the capital at Sarnath replaced the King's head on our coins. In 1951, Hindi was displayed prominently on new notes. High denomination notes ₹1,000, ₹5,000 and ₹10,000 were reintroduced in 1954. In 1957, the decimal system was adopted in the country, under which, the rupee was considered equivalent to 100 paise. Cost benefit consideration prompted the bank to introduce ₹20 denomination notes in 1972 and ₹50 in 1975. The India Security Press, Nasik introduced the use of the wet offset lithographic process for printing currency notes. ₹5 notes, the first to be printed by this process, were issued in March 1975. High denomination notes were once again demonetized in 1978 to curb unaccounted money. To contain the volume of notes in circulation ₹500 was introduced in October 1987 with the portrait of Mahatma Gandhi. In 1996 lower denomination notes of ₹1, ₹2 and ₹5 were gradually replaced by coins. Notes in denomination of ₹1000 were introduced and ₹500 notes were brought out in a new colour scheme respectively in October and November, 2000. In deference of public demand, notes in the denomination of ₹5 have been reintroduced in May 2001 to supplement the supply of coins[7]. However, in terms of current provisions of Reserve Bank of India Act, 1934 banknotes in denominations higher than ₹10000 cannot be issued.

Coins up to 50 paise are called 'small coins' and coins of rupee one and above are called 'rupee coins'. Over a period of time, cost benefit considerations led to the gradual discontinuance of aluminum series of 1, 2 and 3 paise coins in the seventies. A twenty paise coin was introduced in 1968 but did not gain much popularity. Stainless steel coinage of 10, 25 and 50 paise, was introduced in 1988 and of one rupee in 1992. The coins of denomination 25 paise were discontinued in July, 2011 on account of ground of cost benefit considerations. The very considerable costs of managing note issues of ₹1, ₹2, and ₹5 led to the gradual coinisation of these denominations in the 1990s followed by introduction of ₹10 coin in 2006. Coins can be issued up to the denomination of ₹1000 in terms of the Coinage Act, 2011.

At present coins are issued in the denomination of 50 paise, one rupee, two rupees, five rupees and 10 rupees. The currency notes of denominations ₹1, ₹2, ₹5, ₹10, ₹20, ₹50, ₹100, ₹500 and ₹1000 rupees are in circulation. Of these only, one rupee note is issued by the Central Government and the rest by the Reserve Bank of India.

The Indian rupee symbol '₹', officially adopted in 2010, is derived from the *Devanagari* consonant 'र' (***Ra***) with an added horizontal bar and from the Latin consonant 'R' by removing the vertical line, and adding two horizontal bars (like the symbols for the Japanese Yen'¥' and the Euro'€'). The parallel lines at the top, with white space between them, are said to make an allusion to the 'Tricolor'. The first series of coins with the rupee symbol was launched on 8 July 2011. The new Indian rupee sign '₹' has also been incorporated into currency notes in denominations of ₹10, ₹100, ₹500 and ₹1000 in January 2012.

TRADE AND COMMERCE

In the vedic age, trade and commerce was an important aspect of economic life throughout the state. In the *Vedas*, a number of references prove beyond doubt that trade and commerce was known to the ancient Aryans. In the *Atharvaveda*, there is a prayer addressed to *Indra* and *Agnee* asking them to make trade safe for the traders by destroying the robbers and dangerous animals so that they may earn wealth[8]. Trading in distant land for profits was glimpsed during this period. Commercial transactions were carried on by barter, cow, being the standard unit of value, or gold ornaments were used for purchasing a commodity. Panini, the ancient scholar, has also used a large number of words and examples which give an idea of trade and commerce in the contemporary Hindu society. According to him, an article which is received in exchange is *Nimeya* and a commodity given in exchange is called *Niman.* He further calls trade and commerce as *Vyavahara* which was a very comprehensive term covering all exchanges. The traders were called *Vanika* and *Vanija* which is the true ancestor of the present word *Baniya* in present day society [9]. *Hiuen Tsiang* also testified that most of the people of this area pursued trade and there was large accumulation of rare and valuable merchandise from every quarter. One of the principal trade routes in ancient and medieval period was the old Grand Trunk Road leading from *Rajagriha* through *Benaras* , *Saket* and *Saraswati* towards *Takshshila* and the North-West thus linking India with Central Asia. The existence of this route leading from North–West Frontier Province up to Patliputra during the Maurya period is also testified by Magesthenes [10]. Sher Shah Suri, recognising the advantage of improved means of communications, got this route reinforced and extended it from the coast of Bengal to his great fort of Rohtas at Jhelum in 1543 A.D. Therefore, in Medieval period, this route was better known as Royal Road or Sher Shah Suri Road.

During the Medieval period, both the important route connecting Delhi with Lahore passed through Panipat from where they bifurcated for Lahore one via Kaithal, Hissar, Fatehabad, Sirsa, Bhatner, Multan and other via Karnal, Thanesar, Ambala and Sirhind. There was considerable improvement in trade during this period. Increase in trading centres provided new opportunities for flourishing of trade which resulted in the enrichment of traders. Means of transport were similar to that of ancient period. Mostly trade was carried through land routes i.e. bullock carts, camels and pack-oxen. Panipat was the biggest business centre which is reported to have 3600 houses and 300 well established shops. The city was also famous well-established emporium centre for caravans [11]. The other important items exported from the region were wheat, millet, cotton, mangoes, maize, barley, sal-ammonic and *ghee* (clarified butter).

In the beginning of 19th century, when the region was under the British, the surplus grains of the district were sometimes moved to those parts of the country that were affected by famine or any other natural calamity. The region remained under frequent draught and famine conditions in the last 50 years of the century. The road trade was insufficient to meet the shortage of food in the region. The trade north and south of this area went chiefly via Hansi-Hisar. Only salt passed from Jhajjar (Rohtak) through Panipat-Karnal to Punjab in great quantities. The course of trade entirely changed with the construction of Delhi-Ambala railway and improvement of the Grand Trunk (GT) Road. The mass of trade shifted to these arteries. The only important traffic west to east flowed to Shamli (Uttar Pradesh); the carts generally carried salt, *bajra, moth,* oil-seeds and ghee and brought back *gur* (jaggary).

Before the opening of the Firozpur-Delhi Railway, a large quantity of gram and *moth* from Budhlada, Patiala and Firozpur (Punjab) passed through Kaithal. In good season, the surplus gram of Kaithal was sent to Delhi through Panipat. Besides, *jowar, sarson, til* and *moong* were sent from this district to the outside markets.

The local trade was principally conducted through the village dealers who dealt with the bigger traders at the *mandis* of Panipat, Kaithal and Karnal. A considerable traffic was also carried on by the cultivators themselves; particularly in summers they plied their carts on hire when the bullocks were otherwise idle. Delhi traders often sent their agents for purchasing cotton or *ghee* from the villages. This local traffic was of immense advantage to the farmers who could deal directly with the traders or their agents thus eliminating the agency of the middlemen; the local dealers, and could manage to get a good price for their produce. Petty articles needed by the people and not produced in the villages were supplied by small hawkers, who bought them from the cities and travelled about the villages exchanging them for grain.

After independence, with the growth of agricultural facilities, the district was exporting principal agricultural commodities, such as rice, gram, wheat and live-stock. In consequence of changes which have occurred in the industrial structure since then, industrial products especially those of light engineering industry, wool and woollen cloth and the handloom products are also being exported in sizeable quantities. Bed-spreads, woollen cloth, furnishing fabrics and handloom cloth are well-known all over world for their exquisite designs. Like its handloom, *Pachranga* brand of pickles is also exported to many countries in the world. The district earned a sum of ₹3000 crore due to export during the year 2010-11.

Course of trade.—The usual course of trade in the district is through the secondary markets called *mandis*, where business is transacted daily. The growers bring their agriculture produce to a nearby regulated market i.e. *mandi* and the dealers sell it to the traders. Commission agents (*arhtias*), wholesalers and retailers act as middleman between the growers and the consumers as there is no direct link between them. Sellers prefer receipt of payments in cash or through *hundis* from the *arhtias*. The commission is paid to the *kaccha arthias* by the purchasers. The rate of commission has been fixed at the rate of 2.5 percent for food grains, 5 percent for fruits and vegetables and 4 percent for timber items on ad-valorem basis, and these do not change from year to year. The produce, in large quantities, is handled by specialized operators performing different services. These *mandis* serve as assembling points for local produce or produce received from local markets. The storage facilities are also available in all the regulated markets and sub-market yard. From these markets goods are dispatched to other consuming markets in the State and country by the traders.

REGULATED MARKET

At the time of independence, in the absence of adequate institutional finance for the agriculture on easy terms and conditions, regulated markets, the standard weights and measures and facilities, like warehousing, standardization, gardening etc., farmers were facing great difficulties in getting fair prices for their produce. In order to eliminate unhealthy market practice and to ensure fair prices to the growers for their produce, the government regulated the markets under the Punjab Agricultural Produce Markets Act, 1961. The Act provides for the establishment of markets for agricultural produce in the State and for better regulation of its sale and purchase. Each village of the district has been attached to one market or another and the Act is applicable to the whole of the area where transactions, delivery and weighment are done. Each market committee has one principal market yard besides the sub-market yards in the town itself or in adjacent villages which are occasionally set apart for certain commodities to facilitate proper working.

Such markets are administered by market committees which consist of the representatives of the Government, traders, farmers and the co-operative societies. These market committees regulate and help farmers to secure fair prices for their produce. As on 31 March 2011, there were 5 regulated markets in the district one each at Panipat, Samalkha, Israna, Madlauda and Bapoli. There are also three sub-market yards attached to these regulated markets in the district. The details of these regulated markets, along with their sub-market yards, number of villages covered, date of regulation and main arrivals in each of the regulated markets, are given below:-

Regulated Market	**Sub-Market yard**	**Number of villages covered**	**Year in which regulated**	**Main Arrivals**
Panipat	Babarpur, NVM	55	June,1984	Wheat, Paddy, Onion, Potato, Tomato and other Fruits and Vegetables, Wool, Egg and fish, *Gur* and *Shakker*.
Bapoli	-	50	October, 1995	Wheat and Paddy
Israna	-	24	August, 1986	Wheat and Paddy
Smalkha	O.G.M.	35	June, 1984	Wheat, Paddy, Fruits and Vegetables, *Gur* and *Shakker* .
Madlauda	Chhichhrana	31	May, 1985	Wheat and Paddy

The wheat and the paddy contribute to the largest share of arrivals in these markets. The year-wise detail from 2008-09 to 2010-11 is given in the table below:-

(in lakh quintals)

Year	Wheat	Paddy
2008-09	22.09	22.61
2009-10	29.25	31.11
2010-11	26.60	24.62
2011-12	26.42	8.76

CO-OPERATION IN TRADE

There are three cooperative marketing societies in the district which conduct wholesale business in government supplies viz. agricultural seeds, fertilizers, pesticides and agricultural implements. These societies are located at Panipat, Samalkha and Madlauda. All the cooperative marketing societies are working as commission agent of HAFED at *mandi* level for procurement of wheat, paddy, mustard etc. The primary credit societies placed in villages are integral part of the cooperative credit structure. These societies help their respective members in getting cooperative credits and perform many functions such as provision for standardized seeds, agricultural implements and fertilizers. They arrange for marketing and processing of agricultural produce and maintain godowns for storage. The detail of membership of these societies, share capital, working capital and value of goods supplied during the period 2000-01 to 2010-11 is given in the table below:-

(₹ in lakh)

Year	Number of Societies	Membership	Share Capital	Working Capital	Value of goods supplied
2000-01	1	3829	13.53	71.67	2107.78
2001-02	3	3829	16.20	82.36	1821.06
2002-03	3	3833	19.00	86.25	252.87
2003-04	3	3895	21.09	91.44	1863.27
2004-05	3	3913	21.10	96.28	1998.97
2005-06	3	3931	21.08	101.97	1496.44
2006-07	3	3952	19.66	127.70	1702.27
2007-08	3	4021	19.16	134.29	721.67
2008-09	3	4023	19.66	143.43	1131.72
2009-10	3	4026	19.66	152.75	2528.13
2010-11	3	4303	15.89	179.23	2997.21

Consumer's Cooperative Stores.— Consumer's Cooperatives in Haryana are functioning in a three-tier structure i.e. the Primary Cooperative Consumer's Stores, the Central Cooperative Consumer's Wholesale Stores and the Haryana State Federation of Consumer's Cooperative Wholesale Stores (CONFED) at State Headquarters.

To ensure better distribution of consumer goods, the concept of consumer cooperative stores were introduced under a scheme sponsored by the Government of India in 1963. These stores perform an important function by helping the consumers in getting their daily requirement at reasonable rate. These stores supply various goods of common use through cooperative marketing societies in the rural areas of the district and also undertake wholesale business in sugar, food grains, controlled cloth etc. The major portion of the income of these stores is derived from the wholesale business. CONFED Haryana has one district office and an area office at Panipat to handle its business.

PUBLIC DISTRIBUTION SYSTEM (STATE TRADING)

Major fluctuations in the prices of initial commodities and the difficulties experienced by the consumers have led the government to the introduction of Public Distribution Scheme in the State during 1958-59 for distribution of food grains and other essential commodities. Initially the government started a network of fair price shops in urban and rural areas. As on March 31, 2011 there are 462 fair price shops functioning in the district out of which 138 are in urban areas and 324 are in rural areas. The Food and Supplies Department is also engaged in the procurement of the food grains, in order to give support price to the farmers and the distribution of essential commodities in the district. The department has opened purchase centres for the facility of farmers so that they are not to cover a distance of more than 5-6 kilometres to sell their produce. It also ensures that there is no glut in grain markets and the produce is lifted on the same day.

MARKET INTELLIGENCE

For efficient marketing and right coordination of the forces of demand and supply, authentic information about the volume of marketable surplus, stocks, arrivals, prices and movement of various agricultural commodities is very essential. Almost all the daily newspapers disseminate market news to the public; they either bring about a special business edition or keep few pages reserved for this purpose. In addition there are some commercial dailies and periodicals, which serve this purpose. The All India Radio is the most important and effective instrument in different markets in the State. In these days, all main television channels, besides some dedicated business channels like CNBC, NDTV profit, Zee business, also disseminate daily market rates of different commodities. A number of television channels provide special programmes on market analysis. Besides, the market news about the rates of commodities is also disseminated to the public through boards displaying rates outside the offices of the market committees. In some of the marketing centres, market news is communicated to the dealers at different places through correspondence and trunk calls. Internet also provides market information round the world.

WEIGHTS AND MEASURES

During the 19th Century, the weights and measures were in common use among the people but it varied from one part of the district to other. The weights and measures were divided into *kachcha* and *pukka.* Though accounts were sometimes made up with the *maap* (1¼ maunds) *barola* (two seers) and *matkana* (¼ seer), yet no surely actual measures of capacity existed. The square measure was the *kachcha bigha* three of which formed a *bigha* equal to 5/8th of an acre. The english yard with its sub-divisions into feet and inches was in common but *darzis* (tailors) sub-divided the yard into 16 *girahs*, on the analogy of 16 *annas* in the rupee.

During the British period, several attempts were made to attain uniformity in the standards of weights and measures, but until 1941 there was no uniform use of weights and measures. With the increase in the commercial and industry activity in the country this chaotic state created a sense of uncertainty in trade. This uncertainty made it easy for the traders to defraud their customers. To overcome this evil, the Punjab Weights and Measures Act, 1941 was passed.

In 1956, Parliament enacted the Standards of Weights and Measures Act, 1956, with the objective of replacing the bewildering varieties of weights and measures in use in the country by standards based on the metric system. The Punjab Weights and Measures (Enforcement) Act, 1958 was enacted in October 1958. The Act of 1956 was replaced with the Standards of Weights and Measures Act, 1976. To ensure country-wide uniformity 'weights and measures' which was earlier a subject of the State-list was transferred to the Concurrent-list by the 42nd amendment to the Constitution. The Schedule made under section 79 of the Standards of Weights and Measures Act, 1976 is given in Table XVIII of the Appendix.

In 1977, the Standards of Weights and Measures (Packaged Commodities) Rules, 1977 were notified by the Central Government. These rules apply to the commodities in the packaged form, which are intended or likely to be sold in the course of interstate trade or commerce. Later, the Standards of Weights and Measures (Enforcement) Act, 1985 was enacted to provide for the enforcement of the standards of weights and measures established under the Act of 1976.

Verification and Stamping of Weights and Measures.— Section 24 of the said act explains that every person having any weight or measure in possession, custody or control in circumstances indicating that such weights or measures is being, or likely to be, used by in any transaction or for industrial production or for protection, shall before putting such weight or measure into such use, have such weights and measures verified.

To enforce the Act, and Rules made thereunder, Panipat district had only one Inspector, Weights, and Measures till 2001. One more post of Inspector was sanctioned for Panipat Refinery after its completion.

Inspector, Legal Metrology is responsible for enforcement work related to weights and measures. This includes periodical verification of measures, weights and instruments of weighing and measuring. Inspector, Legal Metrology is also responsible for enforcing Packaged Commodities Rules, 1977 which are very important for consumer protection. This includes checking of net contents of packaged commodities and over charging of packaged products which cannot be more then maximum retail price (MRP) printed on the pack.

Detail of shops /weights inspected, challans booked and fees collected in the district during 2005-06 to 2010-11 is as follows:-

Particular	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**2009-10**	**2010-11**
Shops inspected	7830	6932	9298	9555	9962	9947
Weights etc. inspected	32601	27279	76649	88971	98077	97050
Weights etc. stamped	38632	26262	67269	87375	98335	97463
Fee Collected (₹in lakh)	36.87	34.25	35.82	33.66	34.11	36.08
Challan booked	24	36	18	150	127	122
Challan decided	21	25	06	143	96	77
Compounding fee (₹in lakh).	1.42	0.39	0.26	7.25	2.67	1.70

STORAGE AND WAREHOUSES

Before Independence, people in the village area stored their produce in their open houses, *Kothas*(earthen bins), earthen pots and in bags. In the market commission agents, wholesale dealers, merchants and traders maintained their own godowns. The mills and factories maintained godowns to stock the raw material and products. There was no organized system of storage of grains and the godowns maintained by private dealers were generally not of proper specifications. These storage facilities were not only insufficient but the method of storage was also unscientific. Keeping in view the scientific storage of food grains and other commodities, the concept of public warehousing was conceived after the independence. The Punjab State Warehousing Corporation was established in January, 1958 under the Agriculture Produce Corporation Act, 1956 which was later replaced by the Warehousing Corporation Act, 1962. Under the provisions of this Act, the Central and State Governments setup public warehouses. The warehousing receipts could serve as instrument of credit to the depositors to avail credit facilities from the banks which enable them to wait for better bargaining in the market. The Haryana State Warehousing Corporation was reconstituted with effect from November 1, 1967 after the re-organization of the erstwhile Punjab State under section 18 of the Punjab Warehousing Corporation Act, 1962. The corporation was authorized to acquire and build godowns and run warehouses for storage of agricultural produce and other notified commodities. In 2010-11, the corporation is running six warehouses in its own godowns at Panipat, Samalkha, Israna, Madlauda and Bapoli with a total capacity of 86,885 MT as per details given below:-

(Figures in MT)

Name of Warehouse	Capacity	Utilization	Percent use
Panipat I	8000	7884	99
Panipat II	12941	13605	105
Madlauda	28060	33691	120
Samalkha	7000	6126	88
Israna	12750	16607	130
Bapoli	18134	19504	108

Additional godowns from private parties have also been hired by the corporation to meet the growing demand of storage space as per the requirement from time to time. Farmers and other agencies are availing services of the corporation to store their produce. The storage charges have been pre-determined depending upon the type of commodities or food grains.

The Food Corporation of India has also maintained warehouses at Panipat, Samalkha and Israna. Besides, a few private enterprises are also running warehouses and cold-storage facilities in the district.

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