

CHAPTER VI
BANKING TRADE AND COMMERCE
BANKING AND FINANCE

History of Indigenous Banking—Pithoragarh has been connected with Tibet and Nepal. This resulted in the people, exchanging with these countries food-grains, sugar, cloth and silver for salt, borax, sheep, ponies, wool, tea, butter and gold. This trade had continued from early times, though its scope was limited by the difficulties of weather and communications. At times the residents of the Northern regions had a good supply of food-grains, gold and silver which they hoarded. *Sahukars* (village traders) advanced food-grains, gold and silver at an interest of about 25 per cent per annum (in the 19th century) against personal security and against ornaments, goods and immovable property. There was another class of financiers known as *Kharagwal* who financed the bulk of the Indo-Tibetan trade in the past. They did not ask for security and charged interest at 25 to per cent per annum. Because of the hazards of terrain and the inclement weather, the trade remained mostly in the hands of local inhabitants. In the nineteenth century money flowed to them from bankers at Calcutta, Kanpur and other places, Woolen Mills kept an agent at Tanakpur, the last railhead, who entered into contracts with them and gave them advances for the purchase of wool.

But the Indo-Tibetan trade came to a standstill in 1962, as the Chinese government imposed restrictions on it.

Banks opened their branches after 1946 in the district. The Naini Tal Bank Ltd. established a branch at Pithoragarh in June, 1947. The State Bank of India established its branch there in December, 1959, and the Pithoragarh District Co-operative Bank, Ltd. was opened in April, 1962.

Rural Indebtedness

Uneconomic holdings and lack of means of improved agriculture have been the cause of the chronic poverty of the residents of this area. Cultivators were forced to accept loans from *mahajans* (moneylenders). After 1820, trade with the plains and Tibet increased considerably and the residents of the Northern regions, benefited from it. Some of them accumulated large sum, and deposited them with merchants at 6 per cent interest. The rate of interest charged by merchants and money-lenders ranged from 25 to 50 per cent per annum. However, under the British, conditions improved somewhat, and Sir H. Ramsay (Then Commissioner of Kumaon) observed in 1847 that there was every reason to look forward to still greater prosperity among the people of the region. The greatest advantage which the Hillman had over the plainsman was the small revenue he paid. Moreover, the rainfall in hills was regular and famines rare. The incidence of land revenue was only Rs 3 per family in 1910, a sum which could easily be earned. It used to be said that the Kharif sufficed for food and the Rabi for profit. It was sold to pay the revenue and buy cloth or other necessities or luxuries. The economic condition in the nineteenth and the beginning of the twentieth centuries improved slightly but indebtedness was more or less looked upon as a natural state of affairs. The economic depression of the thirties of this century, however, worsened the monetary condition of the agriculturists and a large number of them had to borrow in order to meet the expenses on marriage, litigation and other unproductive item. They also invested about 33 per cent of the loans in productive channels, in 1930.

The high prices of agricultural products prevailing during the period of the war of 1939–45 gave the agriculturists good returns in terms of money, but they had to pay high prices both for nonagricultural and agricultural necessities such as clothes, live-stock and implements. The prices of food-grains have continued to rise, assuring consistent returns to the agriculturists,

although increase in population and the standard of living have kept up the traditional financial difficulties. About 85 per cent of the rural families are indebted and the average debt per family is about Rs 150. About 90 per cent of the borrowing families pay back their debt every year.

Debt-relief Legislation

In the district, as elsewhere in the State, attempts have been made since the first quarter of this century, to find out a remedy for rural indebtedness, and legislative measures were adopted to regulate the terms and conditions of money-lending, although the policy of *laissez-faire* continued to prevail for years.

The Usurious Loans Act, 1918, authorized the courts to reopen issues in which the interest was 'excessive' and the transaction 'unfair' between the parties, and to relieve the debtor of all liability in respect of any excessive interest. By an amendment in 1926, the Act was made applicable to any party seeking relief from mortgage. But the Act did not give a precise definition of the terms 'fair' and 'excessive' and the law courts could not always determine whether a transaction was 'unfair' and the rate of interest charged 'excessive'.

In the period of economic depression and onwards, till 1939, legislation was framed with the object of scaling down and adjusting debts. The united provinces Agriculturists' Relief Act, 1934, brought some measure of relief as it provided *inter alia* for payment of loans in installments at a low rate of interest on secured and unsecured debts. The Temporary Postponement of Execution of Decrees Act, 1937, provided that the proprietors, whose land revenue did not exceed Rs 1,000 a year, would be unconditionally stayed. The United Provinces Debt Redemption Act, 1940, provided for the accounting of interest at low rates and protecting the property of debtors from any large scale liquidation. But the benefits of these legislative measures hardly accrued to the rural masses, and they could be availed of only by the educated or the more substantial borrowers.

Role of Private Money-lenders and Financiers

Sahukars and businessmen advance loans at an exorbitant rate of interest which is sometimes as high as 72 per cent per annum. However, for larger sums (Rs 100 and above) the rate of interest varies from 9 per cent to 18 per cent per annum. In addition, the borrower receives only Rs 93.75 for every Rs 100 borrowed, the deduction being made by way of *ganth khulai* (opening the knot) charges which are considered legitimate and account for the clerical services provided by the money-lender.

The *sahukar* commands the respect of the local people and generally finances marriages, litigation, agricultural operations and other requirements of the agriculturists.

Government Loans—The government advances loans for specific purposes, such as improvement of land and purchase of seed and fertilizers, under the various Acts in force from time to time.

The amounts of government loans distributed in the district in 1966-67 at 5½ per cent per annum interest are given below:

Act	Purpose	Amount of loan (in Rs)	Period of loan
Act XII of 1893	Improvement of agriculture and land	80,500	2 years
Act XIX of 1884	Improvement of agriculture and land	5,000	10 years

Co-operative Movement

Prior to 1960, the district had only some credit co-operative societies, but since that year the

movement for the setting of multipurpose co-operative societies has gathered momentum. Some of the smaller co-operatives were merged into larger ones and termed as multipurpose societies. There were 470 co-operative societies with a total membership of 22,264 in 1960, and Rs 1,76,816 was advanced at a low rate of interest (8.75 per cent per annum) to the members. In 1966, there were 285 co-operative societies with a total membership of 30,573, and Rs 7,94,270 was advanced by them at an interest of 9 per cent per annum to the members. Of these as many as 242 societies are agricultural and cater to the requirements of agriculturists only, 89 of these functioning as multipurpose societies. They provide, seed, agricultural implements and other goods required by the farmers.

During the Second World War (1939–45), prices began to rise and the first consumers' co-operative society was established at Pithoragarh in 1944. The number of these societies rose to 6 in 1966, of which two are at Pithoragarh and one each at Berinag, Chandag, Dharchula and Maharkhola. They had a membership of 1,475, with a share capital of Rs 44,118 and working capital of Rs 1,49,363. Goods worth Rs 9,05,897 were sold by them to the members in 1960. In order to give further impetus to this movement, the district co-operative federation was established at Pithoragarh in 1961, which is affiliated to the Uttar Pradesh Co-operative Federation, Lucknow. Its membership comprised 202 societies and individuals, and it has a share capital of Rs 6,820 and a working capital of Rs 20,164 in 1966 when goods worth Rs 3,02,546 were sold. There are 18 development societies, located in various *pattis* of the district, with a total membership of 3,665 persons. These societies had a share capital of Rs 87,785, and a working capital of Rs 1,76,371, and sold goods (agricultural implements, seeds, etc.) worth Rs 9,24,641 in 1966.

The co-operative movement has spread to other trades and there are 5 wage earners' societies, a transport society and a labour society which endeavor to help their respective groups.

Co-operative Bank – The Pithoragarh District Co-operative Bank, Ltd, was established at Pithoragarh in April, 1962. In addition to banking operations the bank provides credit facilities to co-operative institutions, the rate of interest on loans varying from $6\frac{3}{4}$ per cent per annum to 9 per cent per annum, and on deposits from 4 to 7 per cent per annum. The following statement gives the volume of business procured by the bank in 1964-65 and 1965-66:

Year		Membership	Share capital (in rupees)	Deposits (in rupees)	Loans advanced (in rupees)	Profit (in rupees)
1964-65	..	320	2,85,424.47	1,42,173.85	7,90,950.00	8,750.98
1965-66	..	262	3,09,969.17	1,70,643.75	5,60,000.00	7,250.00

Other Banks

The Naini Tal Bank, Ltd has a branch located at Pithoragarh. This branch finances various trades and industries and procured business worth about Rs 1,26,10,500 in 1967. It charges interest at 8 per cent to 12 per cent per annum on advances and grants 4 per cent to 9 per cent per annum on deposits. Owned and working capital of the bank in December, 1967 was Rs 6,34,000.

The State Bank of India charges $7\frac{1}{2}$ per cent to 10 per cent of interest per annum on advances and allows 4 per cent to 7 per cent of interest per annum on deposits. The bank also finances various trades in the district.

National Savings Organization

The post-office savings bank scheme was introduced in the district in 1882. It was the first scheme of its kind and now other schemes are also operating. These schemes are designed to tap the savings of those people who generally do not subscribe to government loans. They also

inculcate the habit of thrift, thus making funds available to the government for investment in Five-year Plans.

The net investments under various securities in the Pithoragarh district were Rs 8,51,877 and Rs 6,93,648 in 1963-64 and 1964-65 respectively.

Life Insurance

The Life Insurance Corporation of India began to procure business in the district from 1960-61. The following statement gives the business procured in Pithoragarh district since 1960-61:

Period					Business (in rupees)	Number of lives assured
1960-61	..	..	..	..	12,96,500	222
1961-62	..	..	..	..	17,13,500	233
1962-63	..	..	..	..	14,58,000	363
1963-64	..	..	..	..	21,06,600	435
1964-65	..	..	..	..	17,21,250	299
1965-66	..	..	..	..	23,29,500	542

Currency and Coinage

In days before the British occupation of the region, *timasha* (equivalent to one-fifth of a rupee) was a popular coin. The other prevalent coin was the Gurkha rupee (worth three-fourths of the Indian rupee) which was given greater importance and was the main unit of payment for a long time. The price of a bride was usually reckoned in Gurkha rupees. After the first Settlement of revenue (in 1815) by Gardner, land revenue had to be paid not in Gurkha rupees but in Farrukhabadi rupees, which the East India Company accepted as good currency.

By the second decade of the present century, the old coins had become obsolete and were replaced by the government currency of British India.

The decimal system of coinage was introduced in the district on October 1, 1958.

TRADE AND COMMERCE

Course of Trade

Indian traders exported to Tibet grains (wheat, rice, and barley), *gur* (jaggery), cloth (cotton and broad), hardware, tobacco and spices. Their principal imports from that country were borax, salt, gold dust, wool, yak's tails, ponies, sheep and goats. Exports were valued at Rs 94,924 and imports at Rs 3,09,507 in 1877-78 and they increased to Rs 1,94,303 and Rs 3,43,932 respectively in 1882-83. The trade in borax began to decline in the first decade of the nineteenth century due to the competition offered by borax imported from Italy and the same was true of salt, as cheaper and cleaner salt found its way to this area, from the plains. However, advancement in the wool trade compensated the loss and, in 1907, the total imports of wool reached the figure of 445.04 quintals (11,925 maunds).

The traders of the northern region entered Tibet at the beginning of June, carrying their goods on pack-animals. The richer among them had money but the poorer ones were compelled to do business by barter only. Certain marts were apportioned to the various passes, and within these marts the trader operated with their established correspondents. In the season, which lasted up to October, they made two or three journeys from their base depots. In the winter they shifted their families to the lower heights in the south and their trade also shifted accordingly. In this period they sold Tibetan articles and procured enough grains, cloth, etc., to trade in Tibet in the next season. The trade with Tibet came to an end in 1962.

There was considerable trade with Nepal in the nineteenth and first-half of the twentieth centuries. The Nepalese exchanged ghee, honey and fruits for salt, Tibetan wool, wheat, rice and cloth at Jarajibli, which lies on the Nepal border.

The traders of the northern region also traded with their counterparts from the plains at Tanakpur, Bageshwar, Almora and Haldwani. They procured food-grains, salt, cotton cloth, garments and sugar and sold wool, *ringal* baskets and mats, herbs, honey and turmeric to the businessmen from the plains.

The agriculturists in the district used to exchange grains for wool and salt, with the residents of the northern regions till the fifties of this century, but now they demand cash. The contractors, besides selling herbs, used to export logs through the rivers to the plains. This trade has developed considerably and the number of persons engaged in this trade stood at 1,243 in 1961.

Exports and Imports

Exports—Potatoes, ghee, honey, vegetables and fruits comprise the export trade of the district. Export of wool and woolen goods has been considerably reduced since 1962 but this trade is likely to rise, with the development of wool and allied industries. Baskets and tea are also exported, the latter finding its way to the United States and Europe. The other exports chiefly go to the plains in the south of the district. The following will give a rough idea of the exports made during the year 1965:

Commodities						Exports (value in rupees)
Woolen goods (carpets and blankets), tea, Baskets and mats						4,50,000
Ghee	..	..	..	..	..	3,00,000
Honey	..	..	..	..	..	3,00,000
Potatoes	..	..	..	..	..	1,20,000
Vegetables and fruits	..	..	..	..	..	4,500
Ground-nut	..	..	..	..	..	500

Imports—Food-grains, pulses, oil, agricultural implements and raw materials (chemicals, cotton yarn, etc.), are the main items of import, which are generally imported from the plains. The following table gives approximate figures for imports in 1965:

Commodities						Imports (value in rupees)
Food-grains (wheat, pulses, rice)	..	..	..	..	..	1,06,48,900
Cloth	..	..	..	..	..	30,00,000
<i>Gur</i> (Jaggery)	..	..	..	..	..	30,00,000
Sugar	..	..	..	..	..	27,54,000
Mustard oil	..	..	..	..	..	6,00,000
Kerosene	..	..	..	..	..	4,50,000
Salt	..	..	..	..	..	2,00,000
<i>Khandsari</i>	..	..	..	..	..	1,80,000
Condiments	..	..	..	..	..	1,00,000
Cosmetics	..	..	..	..	..	1,00,000
Utensils	..	..	..	..	..	1,00,000
Dyes, metal sheets, chemicals, leather, cotton-yarn, wool, etc.						85,000
Agricultural implements	..	..	..	..	..	4,530

Trade Centres

There are 12 important markets in the district. Potatoes, wool, woolen goods, ghee, honey, *ringal* baskets and mats, vegetables, herbs, and good-grains, are sold in these markets. The wholesale dealers make a profit of 1½ per cent to 2 per cent on the sales and they generally sell their merchandise to the retail shopkeepers. In these markets they also buy from the producers, a variety of commodities, such as ghee, honey, potatoes, turmeric, pepper, and vegetables and export them to the plains.

Fair-price Shops

There were 143 fair-price shops in the district in 1965. The State government appointed certain traders to run these shops in conformity with the rules laid down by it from time to time.

Trade Associations

There are a number of trade associations in the district but their headquarters are located at Almora. They give technical and legal advice to their members regarding matters pertaining to sales tax, income-tax, octroi, imports and exports. The most important of them is the Kumaon Motor Operators' Association, which comprises as members the owners of buses and trucks plying in the district.

Weights and Measures

Formerly a *nali* was the customary standard of capacity. A *nali* of wheat weighed exactly 1.866 kg. or two seers; while that of rice weighed only 1.75 seers. Twenty *muthis* (hand-fuls) made one *nali* and sixteen *nalis* made one *pirai* and twenty *nalis* one *rini*. Similarly, the 80 *tola* seer was prevalent. Maund, seer and *chatank* also continued besides the above measures. Most of these weights and measures continue even today in the interior of the district. The *nali* was also the unit of area and was generally the area in which one *nali* of wheat could be sown. Traill standardized the *nali* at 12 yards by 20 yards, or 240 square yards which is equivalent to 200.66 square metres. Twenty *nalis* made a *bisi* or 4,800 square yards.

The metric system of weights and measures was introduced in the district on October 1, 1960, although in the recent Settlement of 1966 the measures used have been the same old ones.