

## CHAPTER VI

### BANKING, TRADE AND COMMERCE

#### A—BANKING AND FINANCE

In the district of Chikmagalur, as in several other districts of the State, the socio-economic conditions of the small and marginal farmers, in general are far from satisfactory. This is partly due to their age-old traditional agricultural practices, uneconomic holdings, lack of sufficient and cheap institutional credit and inadequate infra-structural facilities like transport, storage and marketing. Because of long-neglected state of agriculture and impoverished conditions of the large number of people depending on agriculture and other weaker sections, they had perforce to borrow money from indigenous money-lenders for pursuing not only occupational operations, but also to enable them to fulfil domestic and other social commitments. These recurring necessities led to the old practice of money-lending by some affluent agriculturists and traders. Mutual trust and confidence alone served as security for this money-lending. However, very often, immoveable properties, house-hold articles, valuables, etc., were mortgaged or pledged as security. In recent times, this money lending business attracted also many *marvadis*, pawn-brokers, *nidhis*, chit funds and finance corporations are functioning in the district for extending credit facilities and other purposes of trade. Money-lenders continue to flourish though they are dreaded.

It is evident that in many cases creditors exploited the borrowers taking undue advantage of the helplessness and ignorance of the needy people by adopting dubious ways and took to usurious practices. Thereby money-lenders acquired both moveable and immoveable assets of the debtors and amassed wealth. As a result of this, a large number of families were groaning under heavy debts from generation to generation. This critical state of affairs called for State intervention with statutory measures to mitigate the hardship of debtors to some extent.

#### **Earlier relief measures**

The Mysore Land Improvement Loans Act, 1890, was introduced to extend relief to the needy agriculturists. *Taccavi* loans were also issued

under the Land Revenue Code. The Amildars were empowered to sanction loan upto Rs. 250 whereas Assistant Commissioners and Deputy Commissioners had a limit to sanction upto Rs 500 and 1,000 respectively. The period of repayment in case of land-improvement loans varied from 10 to 30 years according to the purpose of loan. In case of *Taccavi* loans granted under the Land Revenue Code varied from one year to 10 years according to the purpose for which loans were granted. In 1920-21, the total amount of these two loans (land improvement loan and *taccavi* loan) was Rs 9,550 and in the following year, it was Rs 5,035. During the year 1923-24, *taccavi* loans of Rs 2,600, land improvement loans of Rs 5,500 and flood relief loans of Rs 35,235 were sanctioned. The financial assistance extended by the Government in 1924-25 was Rs 2,140. Later, the State Government brought into force 1) The Mysore Usurious Loans Act, 1923, 2) The Mysore Debt Conciliation Act, 1937 and 3) Mysore Money-Lenders Act, 1939. The first Act empowered the courts, when they found that the interest charged by the creditor was excessive and the transaction between the parties was substantially unfair, to reopen the transactions and to relieve the debtor of all liability in respect of any excessive interest. The second Act made a provision for the establishment of conciliation boards for an amicable settlement of debts of agriculturists. The Act also laid down that no creditor be allowed, in satisfaction of a debt, a greater amount than twice the amount of principal, and if the debt was incurred before 1st June 1935, twice the amount due on that date. The Act of 1939 insisted on money-lenders to keep regular and proper accounts of their dealings and made a provision for the issue of receipts acknowledging the payments made by the loanee in addition to furnishing the debtor on demand a statement of accounts of debts indicating the principal amount and interest outstanding. The maximum rate of interest allowed was nine per cent simple interest on secured loans and twelve per cent on unsecured loans. The maximum compound interest permitted was six per cent with yearly balance. According to this Act, the molestation of a debtor was cognisable offence and the infringement of the provisions of the Act was made punishable with fine or imprisonment or with both.

### **New Acts**

After the formation of the new State in 1956, uniform and more comprehensive measures called the Karnataka Money-Lenders Act, 1961 (Karnataka Act 12 of 1962) and the Karnataka Pawn-Brokers Act, 1961 (Karnataka Act 13 of 1962) were enacted. The first Act came into effect from 1st April 1965. Under the provisions of these Acts, money-lenders and pawn-brokers are required to obtain licences and to submit periodical returns to the controlling authorities. The maximum rate of interest chargeable by money-lenders is 15 per cent simple interest on secured loans, while it is 18 per cent on loans which are not backed by security. The pawn-brokers are permitted to charge 18 per cent simple interest when the loan does not exceed Rs. 25

and 15 per cent simple interest in other cases. The Registrar of Co-operative Societies at the State-level and the Deputy Registrar of Co-operative Societies at the district-level function as Registrar-General and Registrar of Money Lenders respectively.

*Kaisala* (hand loan) has been popular both in rural and urban areas of the district in close and limited circles. The trade centres like Birur, Chikmagalur, Kadur, Kalasa, Koppa, Mudigere, Tarikere, etc., continue to be centres of professional money-lenders and pawn-brokers in the district. The table given below indicates the taluk-wise number of registered money-lenders and pawn-brokers in the district for some years from 1970 to 1978.

Taluk	1970		1973		1976		1978	
	Money-lenders	Pawn brokers	Money-lenders	Pawn brokers	Money-lenders	Pawn brokers	Money-lenders	Pawn brokers
Chikmagalur	82	22	94	37	107	45	91	34
Kadur	26	15	35	8	45	8	45	8
Koppa	3	..	4	..	4	..	4	..
Mudigere	11	4	13	6	13	6	10	6
Narasimharajapura	2	..	3	..	2	..	2	..
Sringeri	..	..	1	1	2	1	4	..
Tarikere	8	9	12	14	20	7	20	7
Total	132	50	162	66	193	67	176	55

According to the Deputy Registrar of Co-operative Societies of the district who is also *ex-officio* Registrar of Money Lenders in the district, the total loans advanced by money lenders and pawn-brokers was Rs. 68.53 lakhs in 1975 as against Rs. 50.65 lakhs and Rs. 33.97 lakhs in 1974 and 1973 respectively. The loans advanced by these agencies were reckoned at Rs. 73.40 lakhs and Rs. 78.31 lakhs in 1976 and 1977 respectively.

### Indebtedness

Yellambalase, a village of Kadur taluk of the district, was selected for the purposes of preparing "A Village Survey Monograph" by the census authorities in 1961. The survey disclosed the following details about the indebtedness of that place. Out of 265 households of the village, 197 households (74.34 per cent) comprising different economic groups were in debt and the total debt incurred was Rs. 1,73,276. The percentage of debtors to the total number of households in each income-group was generally increasing with a rise in income. The percentage of debt was 54.54 in the income-group of Rs 25 and below per month, as against 82.61 per cent in the income-group of Rs 76 to Rs 100 per month. The average debt per household was Rs 105.83 in the income-group of Rs. 25 and less per month as against Rs 2,102.70 in the income-group of Rs 101 and above per month. These households of highest income group (i.e. Rs 101

and above per month) had a major share of Rs 1,32,470 or about 76 per cent of the total debt. The study also indicated that the people under higher income-groups were motivated to borrow for investing in various productive and ambitious enterprises like purchase and improvement of lands, purchase of bullocks, investment in business run by households, construction of houses and also to clear old debts.

The percentage and purpose-wise distribution of credit was as follows : Out of the 197 households in debt, 28 households had borrowed Rs. 29,830 or 17 per cent of the total debt for non-productive purposes like marriage, 90 households had contracted a debt of Rs. 39,194 or 23 per cent to meet out the ordinary wants of daily life and 18 households had borrowed Rs 24,165 or 14 per cent of the total debt for constructing and repairing houses. To carry on business by 14 households, the debt incurred was Rs 39,130 or 23 per cent of the total debt. The money spent for land improvement by 13 households was Rs 23,920 or 14 per cent. The rest of the amount, i.e. Rs 17,037 or 9 per cent was spent by 34 households for purposes like purchase of land, livestock, to clear outstanding debts and medical purposes. The survey revealed also that out of the total loan of Rs 1,73,276 an amount of Rs. 1,51,720 or 87.5 per cent was borrowed from private sources at the rate of interest ranging from 10 to 15 per cent per year depending upon the amount borrowed and credit-worthiness of the party besides the security offered. It was found that persons owning less than three acres of land had not borrowed any amount either from the Government or commercial banks while people with larger holdings between three and ten acres had availed loans from the sources like co-operative societies, banks and others including friends and relatives.

#### **Lead Bank Scheme**

A lead bank scheme was evolved out of the recommendations of a study group of the National Credit Council and Nariman Committee of the Reserve Bank of India in December 1969. It was chiefly aimed at giving concrete shape to the idea of an area approach to the development of banking. The scheme includes intensive coverage of the selected areas for meeting the total credit needs of the borrowers. To enable the banks to assume the role of leadership in an effective and systematic manner, all the districts of the country, except a few big cities and union territories, were allotted among the public sector banks for this purpose. The lead banks were required to conduct impressionistic surveys of the district to assess the credit gaps and to identify growth centres. The lead bank scheme has envisaged increasing involvement of banks in rural development in a planned and co-ordinated manner. The Canara Bank, one of the nationalised banks working in the district, was entrusted with this task and it conducted the survey of this district in 1970. In 1977, a detailed credit plan of the district was formulated as a second phase of the lead bank scheme. The credit plan indicates the credit needs of the various economic

sectors which can be met by the different financial institutions like the District Central Co-operative Bank, Primary Land Development Banks, Coffee Board, Karnataka State Finance Corporation and Industrial Co-operative Bank. The credit outlays estimated represent the actual credit disbursement to be made and not the outstanding advances. The table given below shows the scheme-wise credit allocations in the district for the years 1976-77, 1977-78 and 1978-79.

<i>Schemes</i>	<i>(Amount in Lakhs)</i>			
	<i>1976-77</i>	<i>1977-78</i>	<i>1978-79</i>	<i>Total</i>
1 Crop loans (excluding horticulture)	62.00	73.50	86.00	221.50
2 Loans for horticultural crops (excluding coffee)	44.00	53.50	63.00	160.50
3 Loans for coffee plantations	138.00	167.00	196.00	501.00
4 Loans for purchase of agricultural implements	62.00	81.00	100.00	243.00
5 Land development loans	87.00	102.00	117.00	306.00
6 Pumpset loans	60.00	78.00	96.00	234.00
7 Dairy loans	46.00	58.00	70.00	174.00
8 Loans for poultry-farming	19.00	24.00	30.00	73.00
9 Loans for sheep-rearing and piggery	9.50	11.50	13.50	34.50
10 Loan for go-bar-gas plants	5.50	5.75	5.75	17.00
11 Loans for small-scale industries	44.00	58.00	72.00	174.00
12 Loans for cottage/household/village industries	21.00	26.50	29.00	76.50
13 Loans for artisans	18.00	21.50	25.00	64.50
14 Loans for marketing/storage	15.00	19.00	23.00	57.00
15 Loans for road transport operators	22.50	26.50	28.00	77.00
16 Loans for retail trade/wholesale trade-small business.	25.50	31.00	36.50	93.00
17 Loans for professionals, self employed and others.	32.00	39.50	46.50	118.00
<b>Total</b>	<b>711.00</b>	<b>875.75</b>	<b>1037.75</b>	<b>2624.50</b>

The taluk-wise credit allocations in the district from 1976-77 to 1978-79 are given below.

<i>Taluk</i>	<i>(Amount in lakhs)</i>			
	<i>1976-77</i>	<i>1977-78</i>	<i>1978-79</i>	<i>Total</i>
Chikmagalur	192.00	228.75	265.75	686.50
Kadur	119.50	145.00	170.50	435.00
Koppa	73.50	92.00	109.50	275.00
Mudigere	121.50	148.00	175.00	444.50
Narasimharajapura	54.00	72.00	89.00	215.00
Sringeri	32.50	43.00	53.50	129.00
Tarikere	118.00	147.00	174.50	439.50
<b>Total</b>	<b>711.00</b>	<b>875.75</b>	<b>1,035.75</b>	<b>2,624.50</b>

### **Differential Rate of Interest Scheme**

A differential rate of interest scheme was introduced by the Central Government in 1973 to extend financial assistance to specified weaker sections. Under this scheme, loan is being granted for productive purposes at four per cent interest per annum by the nationalised and non-nationalised banks with lead bank responsibilities entrusted under the lead bank scheme in 1969. Persons whose annual income does not exceed Rs 3,000 in an urban area, and Rs 2,000 in the rural area, agriculturists with small holdings not exceeding one acre of irrigated land or 2.5 acres of unirrigated holdings and landless labourers are eligible for assistance under the scheme, whereas, members belonging to the Scheduled Castes and Tribes are eligible for loans irrespective of their land-holdings. The maximum amount of working capital to be granted under the scheme is not to exceed Rs 1,500 and the term-loan upto Rs 5,000. Persons engaging paid labourers on a whole-time basis are ineligible to receive assistance under this scheme. By the end of 1978, the total financial assistance given in the district under this scheme was Rs 13.88 lakhs extended by seven public sector banks and a private sector bank. Among the contributors, the share of the Canara Bank was Rs 4.50 lakhs followed by the Syndicate Bank Rs 4.21 lakhs and the State Bank of Mysore Rs 2.43 lakhs, and the rest was contributed by other banks.

### **Relief to debtors**

The Karnataka Debt Relief Ordinance issued in October 1975 to extend a relief to the debtors like small and marginal farmers, landless agricultural labourers and other economically weaker sections of the society became an Act on 12th March 1976, with retrospective effect. The main objective of this Act is to extend material relief to the debtors of the above-mentioned categories whose annual income does not exceed Rs 2,400. Since 15th November 1979, the income limit has been raised to Rs 4,800 for the purpose of seeking relief under the Act. Under the provisions of this Act, debts (including interest outstanding) are not recoverable from any moveable or immovable belongings of the debtors of those categories and all civil suits pending before the courts and decrees obtained by the creditors for the recovery of loans were annulled. Another important provision of this Act is about the return of pledged articles. When the creditors fail to return the pledged articles belonging to the above categories of loanees, the debtor has the right to move the subdivisional magistrate of the respective jurisdiction, who will arrange for the return of pledged articles. According to the Act, every mortgage executed by the debtor in favour of the creditor stands redeemed and properties so mortgaged are to be released in favour of the debtor. Loans secured from the Central and State Governments, co-operative societies, companies, etc., are not covered under this Act. A creditor who fails to comply with orders under Section 5 of the Act, is liable to be punished with imprisonment ranging from three months to one year

and a fine of Rs 1,000 to 5,000. In the district of Chikmagalur, since the enactment of the Act, upto the end of 1976, as many as 9,715 applications seeking relief under the Act were received involving a debt of Rs 12,84,541. Of these applications, 1,761 were disposed off and the rest (7,954) were pending because of stay orders issued by the High Court of Karnataka.

#### Release of bonded labour

In order to mitigate the severe hardships suffered by the bonded labourers, the Bonded Labour System (Abolition) Act, 1976, was passed by the Parliament. Accordingly, the bonded labour system has been abolished. All obligations of such debtors (bonded labourers) to do labour either by himself or through the members of his family are deemed to have been extinguished, and the debts payable to the creditors together with interest outstanding are deemed to have been discharged. Every offence, which contravenes the provisions of the Act, has been made cognisable. It was estimated that there were about 5,000 bonded labourers in the district by the end of 1976 and about half of them, i.e., 2,462 were released. The Kadur taluk accounted for 1,011 followed by Tarikere 596 and Chikmagalur 266. Out of the released bonded labourers, as many as 2,091 belonged to the Scheduled Castes and 19 to the Scheduled Tribes. As per the directions of the Government, various schemes for the rehabilitation of these people are being executed with financial assistance being extended by the nationalised banks and other agencies on easy terms and conditions.

#### Earliest joint stock company

It is noteworthy that long before the advent of commercial and co-operative banking activities in the district, there was a joint stock company by name Yedehally Native Dharmabhivruddy Company Ltd., registered in 1885 under the Companies Act of 1866 (Act No. 10 of 1866) at Yedehally Agraahara (now called Narasimharajapura which is the headquarters town of the taluk of the same name). The authorised share capital of the Company was Rs 20,000 divided into 4,000 shares consisting of thousand shares, each of different denominations of Rs seven, six, five and two. The chief objectives of this corporate body was to render financial assistance to the members to facilitate marriages, *upanayanas*, etc.

#### COMMERCIAL BANKS

The beginning of modern commercial banking activities in this district can be traced to the second decade of this century when Sringeri Sri Sharada Bank Ltd., (a class 'B' non-scheduled bank) was registered at Sringeri in May 1914. In the same year, the Bank of Mysore Ltd., (the present State Bank of Mysore) opened its branch office in the district at Chikmagalur in July 1914. After a large gap of 18 years, the Canara Bank, for the first time, entered the banking business of the district by opening its branch at Chikmagalur in September 1932. The Malnad Commercial and Banking

Corporation Ltd., (a class 'B' non-scheduled bank) with its registered office at Tarikere in this district was founded in this district in December 1933. Then after a lapse of eleven years, the Syndicate Bank made its debut in the district by opening a branch in November 1944 at Chikmagalur followed by a branch office of the Vysya Bank Ltd., at Kadur in June 1946. Before Independence, there were only six branch offices of commercial banks working in the district. Half of them were located at the district headquarters itself. In October 1957, the Syndicate Bank opened its second office in the district at Sringeri, followed by a first branch office of the Karnataka Bank Ltd., at Koppa in December 1957. Two more rural branches were added, one at Balehonnur and another at Koppa opened by the Karnataka Bank Ltd and the Syndicate Bank respectively in the year 1958. The Indian Bank, Madras, was the first banking company registered outside Karnataka to open its first branch office in the district at Chikmagalur in May 1959. The Karnataka Bank Ltd., opened branches in rural places like Sringeri, Jayapura, Kalasa and Kammaradi in 1960.

In the meanwhile, two class 'B' non-scheduled banks mentioned earlier, i.e., the Sringeri Sri Sharada Bank Ltd. and the Malnad Commercial and Banking Corporation Ltd., Tarikere, went into voluntary liquidation and they were later merged with Karnataka Bank Ltd. and the State Bank of Mysore in 1962 and 1965 respectively. Before its merger Sringeri Sri Sharada Bank Ltd., had four branches in the district at Jayapura, Tarikere, Koppa and Kalasa, while the Malnad Commercial and Banking Corporation had a branch office at Narasimharajapura. The Jayalakshmi Bank Ltd., Mangalore, established in 1923, which was later merged with the Vijaya Bank in 1967, had also three branches working in the district at Birur, Chikmagalur and Mudigere.

During the period from 1961 to 1968, nine more new branches were added to the banking services of the district. Of them, five were in semi-urban centres and the rest in villages. Three of these nine branches were opened by the State Bank of Mysore, while the Karnataka Bank Ltd., Vijaya Bank Ltd. and Syndicate Bank started two each.

### **Rapid expansion**

The nationalisation of 14 major Indian Commercial Banks on 19th July 1969, the liberal policy adopted by the Reserve Bank of India in respect of geographical expansion of branches with special emphasis on rural and unbanked centres, implementation of the lead bank scheme by the end of 1969, increasing banking consciousness among the general public, growing credit needs of agriculturists, traders, artisans and other priority sectors, improvement in the infrastructural facilities, etc., have given a good impetus for the expansion of a net work of branches all over the district in the post-nationalisation period. On the eve of the first nationalisation, there were 24 branch offices of commercial banks working in the district. Of them, 14 were rural branches and ten semi-urban ones. The percentage of



distribution of rural branches in the district was 58 which was more than the State percentage of 31.14 and all-India percentage of 22.4. The population served per branch office in the district was 29,000 which was less than the State and all-India average of 38,000 and 65,000 respectively. This district ranked fifth among the districts of Karnataka in this respect.

In the year of nationalisation (1969), six more new branches were opened in the district. Of them, three were branches of the Canara Bank at Lakkavalli, Sakrepatna and Mallandur. The Vijaya Bank Ltd., Karnataka Bank Ltd. and State Bank of Mysore opened one new branch each at Aldur, Bankal and Koppa respectively. During the period of next six years, i. e., from 1970 to 1975, a rapid expansion of branches took place, more and more unbanked growth-centres were brought under the orbit of banking services and semi-urban areas got additional banking facilities. In the above period of six years, as many as 27 new branches were opened, of which 22 were rural branches. By the end of 1975, the total number of branches had risen to 57 as against 24 on the day of nationalisation. Out of the 57 branches, 42 were rural branches. It is noteworthy that the net increase in the number of branches was 137 per cent within a period of six years. During the next four years, i. e., from 1976 to 1979, 21 new branches were added and the total number of branches was 78 as at the end of 1979.

Out of the eleven banking companies operating in the district in 1979, seven banks were public sector banks which together had 42 branches, i. e., 54 per cent of the total number of branches. The Karnataka Bank Ltd., one of the non-nationalised banks, working in the district, was having the largest number of branches (19) followed by the Canara Bank (14), State Bank of Mysore (11) and Syndicate Bank (10), as at the end of 1979. Out of the 78 branches operating in the district by the end of 1979, 28 (36 per cent of the total number) were situated in seven taluk headquarters towns, three of which are considered as semi-urban centres. The district headquarters town of Chikmagalur proper had nine branches followed by Koppa, Mudigere and Sringeri towns with four branches each. The taluk headquarters town, which was poorly served with commercial banking facilities, was Narasimharajapura with a single branch. The spread of branches in the interior rural area excluding the taluk headquarters town is also uneven. Out of the 50 branches situated outside the taluk headquarters in 1979, rural centres of Mudigere and Tarikere taluks had 11 and ten branches, followed by Kadur with nine and Koppa with seven branches. Villages of the other taluks of Chikmagalur and Narasimharajapura had six and five branches respectively while villages of Sringeri taluk had only two branches. The population served per branch office in the district was reckoned at 9,000 which was less than the State and all-India averages of 12,000 and 19,000 respectively by the end of 1978. A Banking Plan for Karnataka (1977-1981) prepared by the Planning Department has mentioned that the district of Chikmagalur requires five more branches, two in the taluk

of Chikmagalur and three in Tarikere taluk by 1981 taking into consideration the credit requirements of the area and the population served per branch office. The subjoined table indicates the taluk-wise distribution of commercial bank branches in the district and an average extent of population served by a branch office, in the district, as on 31st December 1979.

<i>Taluk</i>	<i>No. of branches at taluk headquarters</i>	<i>No. of branches outside taluk headquarters</i>	<i>Total No. of branches in taluk</i>	<i>Population served per branch in 000's.</i>
Chikmagalur	9	6	15	12
Kadur	3	9	12	15
Koppa	4	7	11	6
Mudigere	4	11	15	6
Narasimharajapura	1	5	6	7
Sringeri	4	2	6	5
Tarikere	3	10	13	11
<b>District Total</b>	<b>28</b>	<b>50</b>	<b>78</b>	<b>9</b>

The statement given hereunder shows the number of branches of commercial banks in the district, population served per branch office, with comparative figures of the State and all-India.

<i>As on</i>	<i>No. of branches</i>			<i>Population served per branch office in 000's in</i>		
	<i>Chikmagalur District</i>	<i>Karnataka State</i>	<i>All India</i>	<i>Chikmagalur District</i>	<i>Karnataka State</i>	<i>All India</i>
19-7-1969	24	761	8,821	29	38	65
30-6-1972	44	1,292	13,620	16	23	40
30-6-1975	57	1,750	18,730	13	17	29
30-6-1976	58	1,905	21,220	12	15	26
31-12-1977	73	2,875	26,931	10	15	23
31-12-1978	77	2,480	29,504	9	12	19
31-12-1979	78	2,598	31,557	9	11	17

### Deposit mobilisation

The rapid expansion of branches of commercial banks in the district specially during the post-nationalisation period was considered as a good means for mobilising internal resources and channelising them into various productive investments with special emphasis on the priority and neglected sectors. To some extent, the banking activities could be utilised as an instrument to lessen the regional imbalance and to bring socio-economic

transformation specially in the rural areas. The commercial banks in the district have done considerable mobilisation of deposits in recent years. As at the end of 1977, the average deposit per branch office of commercial banks was Rs 35.34 lakh as against the State average of Rs 48.26 lakhs and all-India average of Rs. 78.77 lakhs. The per capita deposit in the district was Rs 350 which was more than the State and All-India figures of Rs 332 and Rs 342 respectively. The average deployment of bank funds per branch office in the district was Rs 28.39 lakhs. as against the State average of Rs 39.96 lakhs and all-India average of Rs 55.93 lakhs. The per capita advance for the district was Rs 281 which was more than the State average of Rs 275 and all-India average of Rs 243. The credit-deposit ratio at the end of 1977 was about 80 per cent in the district as against 82.8 per cent in the State and 71 per cent in the country as a whole. The deposit accretion and employment of funds made by the branches of the commercial banks in the rural centres of the district is also encouraging. As at the end of June 1969, the total deposits by the rural branches amounted to Rs 167 lakhs while the advances made was of the order of Rs 85 lakhs. The corresponding figures as at the end of 1974 were reckoned at Rs 512 lakhs and Rs 390 lakhs. The following statement shows the volume of deposits mobilised and the advances made by the commercial banks working in the district during the period from 1966 to 1979.

(Amount in crores)

<i>Year</i>	<i>Deposits</i>	<i>Advances</i>
1966	4.00	2.08
1967	4.24	2.53
1968	4.67	3.07
1969	5.09	4.03
1970	6.24	4.73
1971	7.00	6.39
1972	7.86	9.57
1973	9.99	10.99
1974	11.94	13.30
1975	14.98	15.17
1976	19.32	20.55
1977	25.80	20.73
1978	36.95	27.28
1979	40.32	32.07

The table given below indicates the names of the banking companies working in the district, their respective number of branches, total deposits mobilised and advances made and credit-deposit ratio as at the end of 1979.

(Amount in lakhs)

Name of the bank	No. of rural <sup>*</sup> branches	No. of semi-urban <sup>**</sup> branches	Total No. of branches	Deposits mobilised	Advances	Credit deposit ratio in percentage
State Bank of Mysore	8	3	11	679.00	277.00	41
Canara Bank	11	3	14	806.27	830.89	103
Syndicate Bank	9	1	10	831.00	623.00	75
Vysya Bank Ltd.	..	2	2	147.62	80.93	55
Karnataka Bank Ltd.	17	2	19	560.01	360.46	64
Vijaya Bank Ltd.	7	2	9	579.08	462.00	80
Indian Bank	1	1	2	87.71	108.90	124
Corporation Bank Ltd.	5	1	6	177.94	200.77	113
Indian Overseas Bank	2	..	2	12.70	22.90	180
State Bank of India	2	..	2	132.05	228.66	173
Bank of Baroda	..	1	1	18.89	11.47	61
Total	62	16	78	4,032.27	3,206.98	79

On 15th April 1980, for the second time, six more major commercial banks were nationalised. Among them are Vijaya Bank and Corporation Bank which originated in Karnataka. As a result of this, out of 11 banking companies functioning in the district, nine are public sector banks.

#### Other financial agencies

Financial institutions of another category, which are local in character, are also playing a role in the district in financing local trade, commerce and industry, besides mobilising deposits. They are, by and large, termed as finance corporations. Most of these monetary institutions are organised by affluent persons, under the Indian Partnership Act of 1932. The main objectives of these enterprises are to provide finance on suitable security or mortgage mainly for commercial purposes. Some of these organisations also conduct what are called lucky benefit schemes, chits, etc. Interest rates offered by these business houses on deposits being generally higher, they are able to collect considerable amounts of deposits from the local public. Some of these organisations extend different kinds of credit facilities like banking institutions. By the end of 1978, there were 23 finance corporations registered in the district, out of which 17 were functioning. Out of these 17, eight were at Chikmagalur followed by six at Kadur, while Ajjampur, Sakrepatna and Singatagere had one each. The total deposits collected by these Corporations, in the district, amounted to Rs. 3.75 lakhs by the end of 1977, as against Rs. 4 lakhs in the previous year, while the advance made were to the tune of Rs. 8.5 lakhs by the end of 1977 as against Rs. 10 lakhs in the previous year.

(Source: Deputy Registrar of Co-operative Societies, Chikmagalur)

\* Rural branches — Branches in places with population upto 10,000

\*\* Semi-urban branches — Branches in places with population of over 10,000 upto 1,00,000

## CO-OPERATIVE MOVEMENT

The co-operative movement made its beginning in this district in 1905 when the Adi-Karnataka Co-operative Society was registered at Kudluru (Tarikere taluk) under the Mysore Co-operative Regulations passed earlier in that year. Amelioration of socio-economic conditions of the "Adi-Karnatakas" was the objective of this institution. It was followed by the Gajanana Large-sized Co-operative Society at Kalasa in 1906. During the next year (1907), a Town Co-operative Society was registered at Kadur, which was followed by another such society at Chikmagalur in 1910. In the early years, the activities of the movement were confined mostly to organising agricultural credit societies for extending institutional credit to needy agriculturists to a certain extent. Gradually, other types of co-operatives came into being, and the number of organisations and their membership went on increasing. In 1912-13, there were 15 co-operative institutions working in the district as against six during the previous year, where as by 1913-14, there were 24 with a total membership of 1,772 and a share capital of Rs. 39,460. In 1916, the Chikmagalur Government Officials Co-operative Society was registered at Chikmagalur. The table given below indicates the overall position of co-operative institutions in the district from 1917-18 to 1922-23.

(Amount in lakhs)

Year	No. of societies	Member-ship	Share capital	Total trans- actions effected	Reserve funds	Net profit during the year
1917-18	59	3,693	1.38	5.48	0.13	0.15
1918-19	64	3,751	1.34	5.81	0.21	0.15
1919-20	73	4,084	1.45	7.58	0.23	0.17
1920-21	86	5,108	1.78	7.93	0.33	0.19
1921-22	93	6,101	1.98	8.80	0.41	0.24
1922-23	103	5,929	2.09	9.04	0.55	0.25

As the "Federal Banking Unions", which were started earlier in 1912-13 with jurisdiction over one or two taluks for supervising and financing the co-operatives in the districts, were not found to be successful, it was decided to replace them by district central co-operative banks. Accordingly, the Kadur District Central Co-operative Bank Ltd. was established at Chikmagalur in 1921 to function as a central co-operative body for the district so as to serve as an intermediary between the State-level central co-operative institutions and the various co-operatives working in the district. However, this bank did not commence its business. To facilitate house-building activities in urban centres, a town house-building co-operative society was organised at Chikmagalur in 1928 which was the first society of this category in the district. Co-operatives in the fields of extending long-term credit for agriculture including better marketing of agricultural products were badly required, and such activities received stimulus during 1930s and 1940s. For the first time, in the district, two primary land development banks were

established at Koppa and Karimane (Koppa taluk) in 1930. A Taluk Agricultural Produce Co-operative Marketing Society was started at Chikmagalur in 1939. By 1945-46, the total number of co-operative institutions working in the district was 161, with 10,228 members. The working capital and total amount of transactions made by these institutions amounted to Rs. 8 lakhs and Rs. 37.13 lakhs respectively. To help promote the well-being of the people belonging to the Scheduled Castes and Tribes of the district, another District Adi-Karnataka Co-operative Society was registered at Chikmagalur in November 1949. However, this co-operative body became defunct later.

### **New momentum**

Since the advent of planned economic development in 1951, there has been considerable development in the co-operative movement. The Government have increased their financial participation in the form of share capital, loans, grants, managerial expenses, etc., of the various co-operative organisations in order to help them to progress. The establishment of a new central co-operative bank at Chikmagalur in 1955 was not only helpful in catering to the financial requirements of affiliated primary co-operatives of the district, but also it acted as a monitor of the co-operative movement in the district. In order to render financial assistance to small-scale, medium-scale, rural and agro-based industries, a District Industrial Co-operative Bank Ltd., was brought into being at Chikmagalur in 1964. The other categories of co-operatives such as milk societies, students' co-operatives, industrial co-operatives including those of weavers and coffee-curing, areca and cardamom-growers' co-operatives, farming societies, house-building societies for members belonging to the Scheduled Castes and Tribes and other welfare societies were started in the district between 1960 and 1970. Increase in the number of each category of co-operative institutions, growing membership, increased involvement of Government funds in various forms, etc., called for greater efficiency and co-ordination in co-operative activities. Hence, a Deputy Registrar of Co-operative Societies was appointed at Chikmagalur in 1971. Another office of Assistant Registrar of Co-operative Societies was also opened at Tarikere in April 1977. Earlier than this, there was a single subdivision of an Assistant Registrar for the purpose at Chikmagalur. At present, there are as many as 23 categories of co-operative institutions functioning in the district. The Government are sanctioning funds in the form of subsidies, outright grants and loans besides contributing share-capital to many deserving co-operatives, so as to enable them to render better services to the members. The total share capital invested by the Government in various co-operative bodies of the district amounted to Rs. 47.10 lakhs in 1974, which was increased to Rs 69.69 lakhs by 1979. A major portion of this financial participation of the Government is in the District Central Co-operative Bank, primary land development banks and marketing societies. Agricultural credit co-operatives working in the district have stepped up their activities in lending

short, medium and long-term loans. The volume of short-term loans advanced by agricultural credit societies in the district was Rs 174.82 lakhs in 1975-76 as against Rs 113.08 lakhs and Rs 124.37 lakhs in 1974-75 and in 1973-74 respectively. The medium-term loans extended in the above period amounted to Rs 1.32 lakhs, Rs 12,000 and Rs 85,000 respectively. The total volume of funds employed for long-term operations in the district was Rs 113.89 lakhs during 1975-76, as against Rs 74.68 lakhs and Rs 69.05 lakhs in 1974-75 and in 1973-74 respectively.

By 1970, all inhabited villages (984) of the district had come under the fold of the co-operative movement with a total membership of about 84,446 in 417 co-operative organisations. By the end of June 1973, the total number of institutions in the district was 426 with a total membership of about a lakh. As at the end of the June 1976, the total membership was about 1.16 lakhs in 435 co-operative organisations registered in the district, as against 1.15 lakh members in 427 co-operative societies by the end of June 1975. During 1978-79, the total number of societies in the district was 400 with a total membership of 1,52,858, the decrease in the number of co-operative bodies being reorganisation of agricultural credit societies. It is reported that by the end of June 1970 as many as 127 co-operative organisations were declared as economically non-viable units of which 56 were reported as defunct and the rest were under liquidation. The number of societies under liquidation by the end of June 1979 was 92 as against 78 in June 1977. The category-wise number of co-operative institutions registered in the district and their membership as on 30th June 1979 is given in the sub-joined table.

<i>Sl. No.</i>	<i>Category</i>	<i>No. of Institutions</i>	<i>Membership</i>
1	District Central Co-operative Bank	1	249
2	Primary Agricultural Credit Societies	127	82,936
3	Primary Land Development Banks	8	27,867
4	Large-Sized Agricultural Multipurpose Societies	2	808
5	Non-Agricultural Credit Societies :		
	(i) District Industrial Co-operative Bank	1	1,134
	(ii) Employees Credit Societies	17	3,000
6	Taluk Agricultural Produce Co-operative Marketing Societies	7	7,709
7	Non-Agricultural Non-Credit Societies :		
	(i) Milk and dairy societies	14	921
	(ii) Livestock co-operatives	6	1,408
	(iii) Fisheries co-operatives	3	175
	(iv) Others	5	65
8	Farming Societies :		
	(i) Joint-farming societies	19	451
9	Transport Co-operatives	1	70

<i>Sl. No.</i>	<i>Category</i>	<i>No. of Institutions</i>	<i>Membership</i>
10	Labour-Contract Societies	8	585
11	Housing Societies :		
	(i) General house building societies	18	5,412
	(ii) Housing societies for Scheduled Castes and Tribes	7	2,968
12	Industrial Co-operatives :		
	(i) Handloom weavers co-operatives	7	346
	(ii) Industrial societies other than those of weavers	39	8,891
13	Consumer Co-operatives :		
	(i) District Co-operative Whole-sale stores	1	28
	(ii) Primary Consumer Co-operatives	29	4,689
14	Other Co-operatives :		
	(i) District Co-operative Union	1	148
	(ii) District Horticultural Marketing Society	1	353
15	Societies under liquidation	92	..

The table given below indicates the amounts of share-capital, loans issued, recovered and outstanding and net profits or losses in the co-operative institutions in the Chikmagalur district for the years 1970-71, 1973-74 and 1978-79.

(Amount in lakhs)

<i>Sl. No.</i>	<i>Particulars</i>	<i>1970-71</i>	<i>1973-74</i>	<i>1978-79</i>
1	Share capital	90.58	101.02	197.66
2	Loans issued	317.98	311.43	568.43
3	Loans recovered	277.90	311.56	428.52
4	Loans outstanding	407.56	601.06	687.65
5	Net profit of some institutions	6.77	11.46	18.90
6	Net loss of other institutions	4.12	3.81	20.40

A brief account of some of the categories of co-operatives of the district is given in the following paragraphs.

#### **District Co-operative Central Bank**

The Chikmagalur District Co-operative Central Bank Ltd., began to function from May 1955. The chief objectives of the bank are to finance affiliated co-operative societies, to develop, assist and co-ordinate the work of member-societies, to arrange for supervision and inspection and doing all other such activities which are conducive for the promotion and advancement of the co-operative movement in the district. It also acts as a balancing centre for surplus funds of other societies in addition to being an intermediary financing agency between the primary societies of the district and the Co operative Apex Bank functioning at the State-level.



In 1955, the paid-up share capital of the bank was Rs 24,362 subscribed by 319 member-societies as against the authorised capital of Rs one lakh. By 1960, the paid-up share capital of the bank was increased to Rs 8.47 lakhs (with 346 members including 223 affiliated societies, 123 individual members including the Government membership), as against the authorised capital of Rs 26 lakhs. The total paid-up share capital of the bank was further increased to Rs 14.45 lakhs by the end of June 1965 which included the investment made by the Government in the form of share capital of Rs 6.62 lakhs and the rest (Rs 7.83 lakhs) was drawn from the member-societies and individuals. From 1966 onwards, the bank discontinued the practice of admitting individual members. By 1970, the paid-up share capital of the organisation stood at Rs 26.56 lakhs including the Government participation to the tune of Rs 13.62 lakhs in the form of share capital. By the end of June 1976, the bank had a share capital of Rs 44.76 lakhs including Rs 26.03 lakhs drawn from 294 member-societies and a Government share of Rs 18.73 lakhs. As at the end of June 1978, the share-capital of the bank was Rs 56.40 lakhs including the Government contribution of Rs 21.73 lakhs, and there were 248 member-societies. Within a period of 20 years, i.e., from 1960 to 1980; the bank opened 15 branch offices in the district in order to mobilise rural deposits and to extend extensive banking facilities to the member-societies scattered all over the district. For accelerating the growth of deposits, the bank has introduced several novel investment-oriented deposit mobilisation schemes like Kalpalata Cash Certificates, Nandi Recurring Deposits, Surabhi Deposits and call Deposits for member-societies. The deposits of the bank have been covered under the Deposit Insurance Scheme extended to co-operative banks also since the end of December 1977.

The total credit advanced by this bank during 1975-76 amounted to Rs 224.54 lakhs, of which Rs 167.38 lakhs (i.e. 74.6 per cent) consisted of short-term loans, Rs. 3.42 lakhs (i.e. 1.5 per cent) comprised of medium-term loans and the rest, i.e. Rs 53.74 lakhs (23.9 per cent) constituted loans extended to other categories. Loans are also being granted by the bank to the economically weaker sections of the society. The amount overdue to the bank, which was Rs 77.77 lakhs as at the end of June 1975, had increased to Rs 107.37 lakhs in the next year. The corresponding figures of overdue amounts as at the end of June 1977 and 1978 stood at Rs 107.30 lakhs and Rs 134.53 lakhs respectively.

The table given below discloses the bank's position in regard to deposits and loans for some years from 1963-64 to 1979-80.

(Amount in lakhs)

Year	Deposits	Short-term agricultural loans	Medium-term agricultural loans	Cash- credit, etc
1963-64	8.94	24.99	1.59	22.65
1965-66	12.78	25.60	0.05	48.88
1967-68	18.84	32.95	3.17	51.70
1969-70	29.99	68.25	2.18	72.88
1971-72	29.15	98.89	0.57	38.73
1973-74	39.72	98.12	3.73	51.48
1975-76	41.98	167.38	3.42	53.74
1977-78	90.10	183.74	4.44	106.09
1979-80	206.08	297.07	60.12	21.71

Since the inception upto 1964, the overall administration of the bank was being looked after by the Deputy Commissioner of the district. At present, it is administered by an elected board of management consisting of 18 directors including eight directors nominated by the Government. The number of persons employed by the bank was 122 in 1980. The table given hereunder indicates the salient features of the bank as in 1960-61, 1970-71, 1975-76 and 1979-80.

(Amount in lakhs)

Particulars	1960-61	1970-71	1975-76	1979-80
Membership				
Government	1	1	1	1
Societies	223	299	294	249
Individuals	122	..	..	..
Share capital	9.36	31.40	44.76	62.65
Reserve fund	0.38	3.15	4.37	7.47
Other funds	0.62	3.01	6.96	14.00
Deposits	6.23	33.30	41.98	206.08
Loans from Apex bank	17.64	74.50	130.85	150.56
Working capital	63.25	185.25	228.92	437.43
Loans outstanding	33.18	127.94	204.15	378.89
Overdues	4.68	77.77	107.37	171.50
Net profit	0.51	0.61	0.31	1.56

### Industrial Co-operative Bank

In order to cater to the financial needs of industries organised in the co-operative sector and also to help the artisans, a District Industrial Co-operative Bank Ltd., was established at Chikmagalur in 1964. The bank started its activities with a paid-up share capital of Rs. 43,000 drawn from 159 members. By the end of June 1978, the total paid-up share capital was Rs 2.79 lakhs which included the Government participation of Rs 1.40 lakhs in the form of share capital, and it had 1,212 members of various categories. The total deposits tapped by the bank in the district through

its regular and special deposit mobilisation schemes was Rs 9.34 lakhs in 1977-78 as against Rs 7.65 lakhs during the previous year. The total credit dispensed by the bank in the district was reckoned at Rs 18.27 lakhs in 1977-78 as against Rs 14.01 lakhs in the previous year, and Rs 15.63 lakhs in 1975-76. Special loan schemes of the bank include gold loan, utility loan and 20-point artisan loan. In October 1973, this district bank was merged with the Karnataka State Industrial Co-operative Bank Ltd., Bangalore, and now it functions as a branch of the apex institution. The subjoined table indicates the periodical progress of the bank for some years from 1964-65 to 1979-80.

		(Amount in lakhs)			
Sl. No.	Particulars	1964-65	1970-71	1974-75	1979-80
1	No. of members	159	469	842	1,139
2	Share capital	0.43	2.71	5.39	1.65
3	Deposits	0.62	5.84	7.19	15.78
4	Borrowings (Outstanding)	2.64	14.38	20.17	10.41
5	Borrowings (Repayment)	2.97	9.75	9.25	10.32
6	Loans advanced	2.67	42.57	13.26	4.07
7	Loans recovered	0.03	40.89	10.95	13.79
8	Loans due	2.64	14.38	20.17	26.63
9	Loans overdue from members	..	6.96	12.86	9.06
10	Profit (+), Loss (-)	-0.04	+0.56	+0.35	+1.87

### Agricultural Credit Societies

The primary credit societies have a dynamic role to play not only in strengthening the edifice of the co-operative movement, but also to widen the orbit of the movement. During 1970-71, there were in the district as many as 208 societies coming under this category. However, by 1973-74, the number of agricultural credit societies was reduced to 185 and they had a total membership of 51,000. By 1975-76, the number of such societies was 189, with a total membership of 57,240. In order to make them economically more viable and to help them to serve better, an amalgamation or reorganisation of these societies was made during the year 1976-77 under the provisions of Section 14-A of the Karnataka Co-operative Societies Act, 1959. Consequently, the number of such societies was reduced to 103 as against 189 in 1975-76. In 1978-79, there were 127 primary agricultural credit societies including one Farmers' Service Co-operative Society at Bukkambudi and two large-sized agricultural multipurpose co-operatives. These societies grant short and medium-term credit, supply agricultural implements, pesticides, improved seeds, manures, etc. The collective position of these societies during the years 1972-73, 1974-75 and 1978-79 was as shown below :

(Amount in lakhs)

<i>Particulars</i>	<i>1972-73</i>	<i>1974-75</i>	<i>1978-79</i>
No. of societies	187	185	127
Membership	45,000	59,576	82,936
Share capital	40.38	36.05	59.64
Reserve and other funds	13.88	14.23	22.34
Deposits	6.76	7.76	12.41
Borrowings	140.69	132.62	306.89
Working capital	198.46	216.49	416.92
Loans advanced	128.95	123.20	221.70
Loans recovered	123.14	107.78	103.43
Loans outstanding	140.91	131.96	282.26
Overdue	65.07	58.06	107.52
Total purchases made	71.39	46.14	143.92
Total sales effected	72.90	47.32	100.34
Profit earned by some institutions	3.17	7.15	3.96
Losses incurred by other institutions	..	2.72	10.81

The periodical progress of one of the such societies named the Vyavasaya Seva Sahakara Sangha Ltd., Hariharapura, which was formed in 1949, is shown by the following table, by way of an example.

(Amount in 000's)

<i>Year</i>	<i>Member-ship</i>	<i>Share capital</i>	<i>Reserve fund</i>	<i>Total sales made</i>	<i>Net profit</i>
1949-50	41	2.3	..	34.4	0.9
1961-62	82	4.9	8.5	184.7	4.2
1969-70	142	8.5	20.0	253.7	0.1
1976-77	215	11.9	35.6	462.6	2.9

### Consumer Co-operatives

The chief objective of consumer co-operatives is to ensure regular supply of day-to-day requirements of its members at reasonable prices. These bodies try to render also assistance in equitable distribution of both controlled and non-controlled commodities, as that would help in preventing, to some extent, profiteering and exploitation by private traders. By the end of June 1979, there were 29 consumer co-operatives functioning in the district, with a membership and paid-up share capital of 4,689 and Rs 1.5 lakhs respectively. The values of total purchases and sales effected by these organisations in the district amounted to Rs 26.12 lakhs and Rs 28.68 lakhs in 1978-79 as against Rs 15.36 lakhs and Rs 16.19 lakhs in 1975-76 respectively. The net profit earned by some of these institutions amounted to Rs 16,000, Rs 19,000 and Rs 23,000 during the years from 1976-77 to 1978-79. While the loss suffered by some of these organisations in 1978-79

was reckoned at Rs 95,000. The organisational structure of consumer co-operatives in Karnataka State is based on a three-tier system. At the apex level there is the Karnataka Co-operative Consumers Federation, at the district-level, the whole-sale stores and at the primary level, the primary consumer co-operative societies.

Under a Centrally sponsored scheme, the Chikmagalur District Central Co-operative Wholesale Stores Ltd., registered in 1966, began to function in March 1967. The membership of the Stores in 1967-68 was 18 with a paid-up share capital of Rs 1,50,400. By 1973-74, the membership had increased to 27 with a share capital of Rs 3.26 lakhs. In 1976, it had a share capital of Rs 4.46 lakhs including the Government's participation of Rs 3,94,500. The total financial assistance extended by the Government to this body, including share capital, various types of loans and subsidies, was Rs 5,73,830 as in 1976. The total purchases and sales by this organisation were of Rs 11.80 lakhs and Rs 13.30 lakhs respectively in 1975-76. More stress has been laid on distribution of consumer articles in the rural areas with a view to serve the weaker sections effectively. In October 1972, this Stores opened a Janatha Bazaar at Chikmagalur. The total values of purchases and sales made by this Janatha Bazaar during 1975-76 were Rs. 11.80 lakhs and Rs. 13.30 lakhs respectively. The profit earned by this unit in 1974-75 was Rs 99,642. However, during the next year, it incurred a loss of Rs 31,960. The approximate value of the average daily sales effected in this Bazaar was Rs 6,000 during 1976-77 as against Rs 4,000 and Rs 5,000 during 1975-76 and 1974-75 respectively. The percentage of expenditure on the establishment was 1.5 in 1976-77, as against 2.70 and 2.60 in 1975-76 and 1974-75 respectively.

#### **Town Co-operative Society, Chikmagalur**

A town co-operative body was registered at Chikmagalur in 1910 to cater to the banking needs of the residents of the town. It advanced loans for purposes like business, house-repairs, marriages and to meet other domestic needs, etc. In course of time, along with banking activities, trading activities like supply of agricultural implements, fertilisers, seeds, consumer goods, etc., were also undertaken by this society. The total deposits tapped by it during 1952-53 amounted to Rs. 74,493. During that year, the society had a membership of 765 with a paid-up share capital of Rs 16,993. By the end of June 1977, the society had 2,061 members and a share capital of Rs 63,471. The deposits received during 1976-77 amounted to Rs 1.65 lakhs as against Rs 1.89 lakhs in 1972-73. The activities of the society are now confined mainly to banking business and dealing in cloth and readymade garments. The salient features of this society during the years 1960-61, 1970-71 and in 1976-77 were as follows.

(Amount in 000's)

<i>Particulars</i>	1960-61	1970-71	1976-77
Membership	1,207	1,963	2,061
Paid-up share capital	32.1	52.5	63.4
Deposits	115.0	173.1	165.4
Loans due to the society	96.2	127.7	157.2
Reserve fund	40.7	70.8	116.4
Other funds	32.5	102.1	145.9
Purchases made	322.6	256.6	103.5
Sales	322.1	292.2	252.4
Net profit	12.0	32.2	9.0

### Land Development Banks

Two primary land development banks were brought into being in 1930 in the district, one at Koppa and the other at Karimane. During the next year, two more such banks were opened to cater the needs of Chikmagalur and Narasimharajapura taluks at the respective taluk headquarters towns. In course of time, more such banks were set up. There are now eight development banks in the district, one each for a taluk with the exception of Koppa taluk which has two banks. These banks are affiliated to the Karnataka State Land Development Bank Ltd., Bangalore, which is the apex financing agency in the State for the purpose. They extend long and medium term credit to its agriculturist members on the security of the land for various agricultural, horticultural and other developmental purposes. Recently, these banks have been entrusted with the task of extending financial assistance to tenants in connection with confirmation of occupancy rights, specially in the case of small and marginal farmers and other weaker sections. The financial participation by the Government in these organisations in the form of share capital, in this district, was Rs 4.01 lakhs as at the end of June 1975, as against Rs 3.85 lakhs in the previous year. The total demand of all these banks in the district for the years 1974-75, 1972-73 and 1970-71 was of Rs 56.82, Rs 35.64 and Rs 23.98 lakhs respectively, while the total percentage of collection of dues made during those years was 83, 86 and 77 respectively. The collective position of these banks during the years 1973-74, 1974-75 and 1978-79 was as follows.

(Amount in lakhs)

<i>Particulars</i>	1973-74	1974-75	1978-79
Number of banks	8	8	8
Membership	18,721	20,349	27,867
Share capital	24.33	26.98	40.16
Deposits mobilised	0.53	1.12	1.66
Reserve and other funds	4.62	6.11	11.30
Borrowings	307.78	358.43	519.46
Working capital	338.69	406.23	588.42
Loans issued	69.05	75.68	34.71
Loans recovered	17.26	19.47	36.64
Loans outstanding	307.99	363.18	531.63
Overdue	4.27	50.04	10.45
Profit earned	2.94	3.08	3.14

By way of an example, the periodical position of the Primary Co-operative Land Development Bank, Ltd., Koppa, is given hereunder.

(Amount in rupees)

<i>Particulars</i>	1965	1970	1976	1979
Membership				
“ A ” Class	462	842	2,304	2,133
“ B ” Class	11	67	157	1,265
“ C ” Class	..	..	1	1
Share capital	35,401	97,077	3,99,057	4,43,835
Reserve fund	3,498	7,000	34,100	67,135
Other funds	7,000	11,500	30,300	60,918
Profit	95	5,900	..	21,880
Loss	..	..	8,434	..
Outstanding Advances				
General scheme	4,75,300	14,30,600	44,68,700	51,29,771
Well scheme	..	8,000	15,100	11,967
Tractor scheme	..	30,000	2,73,100	1,52,784
Pumpsets scheme	..	7,900	4,100	1,361
Power-tillers	..	..	79,600	1,12,511
Area	..	..	2,10,300	2,38,136
Coconut	..	..	1,25,800	1,85,727
Coffee	..	..	8,800	28,704
Total	4,75,300	14,76,500	51,85,500	58,60,961

### Industrial Co-operatives

Co-operatives of industrial category help those engaged in tanning, pottery, hand-pounding, oilseed-crushing, manufacturing of palm gur, construction materials, etc. As at the end of June 1979, there were 39 indus-

trial co-operatives registered in the district with a paid-up share capital of Rs. 3.58 lakhs and 8,891 members. There are also seven Rural Industrial Co-operative Societies working in seven taluks of the district. In addition to the above, there are seven weavers co-operatives with 346 members in 1979. Of them, five were under liquidation and the rest were reported to be defunct. The amount of profit earned by some of these co-operative in the district during 1978-79 was Rs. 15,000 while the loss suffered by other organisations was to the extent of Rs. 64,000. It is reported that several of these societies are not working satisfactorily. By way of illustration, the working of Shri Shakthi Vishwakarma Industrial Co-operative Society Ltd., Chikmagalur, which was formed in 1964-65, is shown in the subjoined statement.

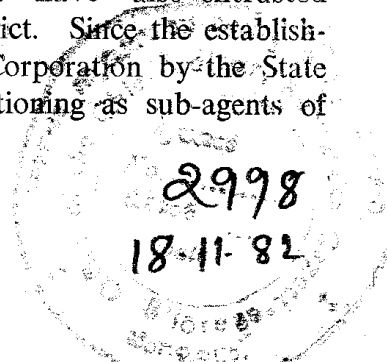
(Amount in 000s)

Year	Raw materials purchased	Cash sales effected	Turn-over	Profit
1970-71	20.8	38.7	107.1	0.28
1972-73	14.7	36.7	79.6	14.5
1974-75	31.0	61.1	162.4	3.7
1976-77	33.8	59.9	156.5	5.8
1978-79	40.9	66.2	147.0	2.2

### Marketing Co-operatives

Besides two regulated markets, and two branches of the Maland Areca Marketing Co-operative Society Ltd., Shimoga, and a District Horticulture Marketing Society, there are seven taluk Agricultural Produce Co-operative Marketing Societies functioning in the district. The first society of this kind was organised at Chikmagalur in 1939 followed by similar organisations for Kadur and Koppa taluks during the next year. The main functions of these societies are to help marketing of agricultural produces to the best advantage of the members and to advance produce-loans to the growers, besides supplying fertilisers, approved seeds, agricultural implements and chemicals for plant-protection. They also undertake distribution of essential commodities and controlled goods through their retail outlets. The total membership of this category of societies was 7,154 with a paid-up share capital of Rs 16.76 lakhs by the end of June 1978.

The total investment of Government funds in these organisations in the form of share capital was to the extent of Rs 14.73 lakhs, of which an amount of Rs 6.10 lakhs was meant for processing activities undertaken by some of these co-operatives, as at the end of June 1977. Marketing co-operatives working at Chikmagalur, Koppa, Mudigere and Tarikere own their rice mills. From 1962-63, these societies have also entrusted with the work of procurement of paddy in the district. Since the establishment of the Karnataka Food and Civil Supplies Corporation by the State Government in 1973, these co-operatives are functioning as sub-agents of





the Corporation. The District Horticultural Marketing Society, which was specially organised for better marketing of horticultural products of the district, had a membership of 353 and a share capital of Rs. 4,000 with an equal amount of working capital, by the end of June 1977. The collective position of the seven marketing societies of the district during the years 1973-74, 1974-75 and 1978-79 was as mentioned hereunder.

Particulars	(Amount in lakhs)		
	1973-74	1974-75	1978-79
Membership	6,358	6,418	7,709
Share capital (including Govt. Share)	17.25	16.97	17.38
Reserve and other funds	16.48	18.87	29.84
Deposits	2.92	4.24	9.09
Borrowings made	17.51	1.56	2.71
Working capital	69.51	72.23	89.28
Purchases made	95.70	78.18	114.68
Sales effected	135.32	52.54	108.21
Net profit	2.24	8.16	2.58

#### **Malnad Areca Marketing Co-operative Society**

A great need for a well-organised agency to help and promote the marketing of arecanut (one of the chief commercial produces of the district) was keenly felt, and as a result, the Malnad Areca Marketing Co-operative Society Ltd., Shimoga, was organised at Shimoga in 1939, with jurisdiction over Shimoga and Chikmagalur districts. This society has five branches of which two are functioning in this district at Sringeri and Koppa, which were opened in 1949 and in 1952 respectively. In addition to these two branches, there are two collecting agencies at Hariharapura and Kalasa of this district. Arecanut collected by these agencies are taken to Shimoga. Shimoga is a terminal market for *deshawara* variety, while Sagar in Shimoga district is a terminal market for *chali* and round (*unde*) varieties. At Shimoga, sales are effected through auction on three days in a week in the presence of growers, traders and representatives of the regulated market. Growers have option to store their produce here till they get a fair price. Seasonal sales of areca are also effected from December to March through the branch at Koppa to assist the small growers. Within a period of five years from 1971-72 to 1975-76, the branch at Koppa had effected sale of 5,892 bags valued at Rs 22.70 lakhs, while the total quantity of arecanut collected in the above period from Koppa and Sringeri branches, and Hariharapura and Kalasa purchase centres, was 24,000 bags. The varieties of arecanut mainly dealt in the branches at Chikmagalur district include *deshawara*, *nasabette* and *gorabalu*. Arecanuts are graded into different types according to the preference of the consuming centres. Chemicals, fertilisers and other agricultural requisites are also supplied to the growers through its branches. The society also extends crop loans on

easy terms to the growers from July to September for operational purposes. Out of the net profit, the society declares a dividend which is generally not less than nine per cent. This institution has invested Rs one lakh in the form of shares in the Central Arecanut Marketing and Processing Co-operative Ltd., Mangalore, and also is to work as a procuring agent of that organisation.

### Farming Co-operatives

Farming Co-operative Societies are formed with the objectives of consolidation of small, fragmented and un-economic holdings and to increase agricultural output by means of mechanised, scientific and intensive cultivation by joint efforts. During the year 1978-79, there were 19 registered co-operative farming societies in the district with a membership of 451 and a share capital of Rs 26,000 as against 20 such societies with a membership of 511 and share capital of Rs. 52,000 in 1976-77. Thirteen out of the 19 societies were registered exclusively for the members belonging to the Scheduled Castes and the Tribes. By the end of June 1979, the total command area of these farming co-operatives was about 2,090 acres, out of which an extent of 1,631 acres was brought under cultivation. It is reported that several of the farming societies are not yet economically viable units, and efforts are being made to revitalise them. By way of illustration, the particulars of Sri Siddheshwaraswamy Collective Farming Society Ltd., Tyagadabagi, (Tarikere taluk) which began functioning in 1958 are given below.

(Amount in 000s')

Year	Area brought under cultivation in acres	Total income	Total expenditure	Net profit (+) or loss (-)
1963-64	100	11.6	8.4	+ 3.2
1965-66	150	25.5	17.4	+ 8.1
1967-68	225	30.9	25.0	+ 5.9
1969-70	265	40.9	31.9	+ 9.0
1971-72	275	58.1	48.8	+ 9.3
1973-74	285	51.2	50.0	+ 1.2
1976-77	297	25.0	76.3	- 51.3

### Housing Co-operatives

By the end of June 1979 there were 25 registered house-building co-operatives in the district. Seven of them were meant for members belonging to the Scheduled Castes and Tribes. The first house-building co-operative society to be registered in the district was the Town House Building Co-operative Society Ltd., Chikmagalur, in 1928, followed by a similar organisation at Narasimharajapura in 1936 and later at other places. In 1962, three co-operative housing societies were formed to cater to the needs of the Scheduled Castes and Tribes at Chikmagalur, Mudigere and Tarikere

followed by similar societies at Kadur and Koppa during the next year. By the end of June 1979, the total membership of all the 25 societies together was 8,380 out of whom 2,968 were the members representing the house-building societies of the Scheduled Castes and Tribes. The total share capital collected by these organisations was Rs 2.24 lakhs which included Rs. 43,000 contributed by the Government to the societies meant for the Scheduled Castes and Tribes. They had borrowed Rs. 30.45 lakhs from the Central financing agencies as in June 1979. By the end of June 1979, the total amount of loans released, loans recovered and outstanding dues of these societies were Rs 2.74 lakhs, 1.54 lakh and Rs 29.73 lakhs respectively. The Karnataka State Scheduled Castes and Scheduled Tribes Housing Corporation Ltd., Bangalore, established in 1966, is the central financing agency for affiliated Scheduled Castes and Tribes housing societies which are helped with loan facilities at cheaper rates of interest and also interest-free loans. It is reported that a majority of the housing societies were defunct. The position of working of the Chikmagalur Town House Building Co-operative Society Ltd. is given below by way of illustration.

(Amount in 000s)

<i>Sl. No.</i>	<i>Particulars</i>	<i>1955-56</i>	<i>1965-66</i>	<i>1977-78</i>
1	Membership	335	533	798
2	Share capital	13.4	48.5	126.4
3	Reserve Fund	1.0	2.0	20.5
4	Deposits and other funds	1.9	8.6	26.4
5	Loans from central financing agency	146.2	6.4	77.7
6	Loans distributed to the members	153.1	13.6	77.7
7	Loans recovered	2.9	63.1	72.4
8	Loans repaid to the central agency	0.8	68.8	75.4
9	Loans due from members	202.7	653.2	956.7
10	Net Profit (+) Loss (-)	0.8	4.9	2.1

### Other Co-operatives

By the end of June 1979, the other co-operatives of the district included 17 employees credit co-operatives with a membership of 3,000 and a share capital of Rs 1.58 lakhs, eight labour-contract co-operatives with a share capital of Rs 4,000 and 585 members and six live-stock co-operatives with a share capital of Rs 55,000 and 1,408 members. There were also 14 milk and dairy co-operatives with a share capital of Rs 26,000 and 921 members. It was stated that a considerable number of societies coming under these categories were economically not viable units, and many of them were reported to be defunct or under liquidation.

**District Co-operative Union**

The District Co-operative Union, Chikmagalur, has been functioning since 1960. Its tasks are to propagate the ideology and principles of co-operation and to function as a mouth-piece of the co-operative movement in the district. The functions include exhibition of film shows managing of co-operative libraries and reading rooms, conducting of study circles, holding of co-operative seminars, conferences, weeks and the like in order to strengthen and expand the base of the co-operative movement in the district. The Union organises training classes of long and short durations for the benefits of members of co-operative bodies and for office-bearers of co-operatives. During the period of five years from 1971-72 to 1975-76, the Union imparted co-operative training to about 2,937 members including 193 secretaries of various co-operative bodies. The membership of the Union, which was 101 in 1970, had increased to 148 by the end of June 1979. The main sources of its income are co-operative education fund contributed by co-operatives of the district on the basis of their profits, annual subscriptions from the affiliated member-institutions and admission fees.

**Life Insurance Corporation of India**

Prior to the nationalisation of life insurance business and the establishment of the Life Insurance Corporation of India in 1956, many companies were engaged in life assurance and other insurance business of the district. In 1960, the district of Chikmagalur formed a part of the area administered by the Shimoga Branch Office of the Udipi Division of the Life Insurance Corporation of India. For ensuring administrative convenience of growing business and for improving its services to customers, a sub-office was opened at Chikmagalur in 1960 with jurisdiction over the entire revenue district. Later on, as the business expanded, this sub-office was upgraded as a branch office in July 1966.

The total premium amount received in the district during 1979-80 was Rs 135.48 lakhs, as against Rs 110.93 lakhs a year before. The amount of premium received in 1975-76, 1972-73 and 1970-71 was Rs 69.29 lakhs, Rs 49.02 lakhs and Rs 40.18 lakhs respectively. The Corporation has extended financial assistance in the form of loans to the extent of Rs 6.67 lakhs to the Chikmagalur Municipality for its protected water supply scheme. Apart from whole-life policy, endowment policy and additional plans of assurance designed by the Corporation recently including the money-back policy, Grihalakshmi Policy, cash and cover policy and progressive protection policy are also in force in the district. The table given hereunder indicates the number of agents, number of policies completed and the sum assured in the district for some years from 1960-61 to 1979-80.

(Amount in lakhs)

<i>Year</i>	<i>No. of agents</i>	<i>No. of policies completed</i>	<i>Sum assured</i>
1960-61	172	2,579	81
1962-63	306	3,593	124
1964-65	269	2,597	109
1966-67	251	2,862	149
1968-69	256	3,462	171
1970-71	263	4,737	263
1972-73	312	4,395	334
1974-75	343	4,520	390
1976-77	305	4,559	414
1978-79	243	4,196	609
1979-80	259	5,067	765

### **Karnataka Government Insurance**

The Karnataka Government Insurance Department is also engaged in doing insurance business in the district both in life assurance and vehicle insurance, but the business of this department is confined only to the employees of the State Government and the vehicles of the State Government including the vehicles owned by the industries and other undertakings managed by the State Government and semi-Government organisations. By the end of March 1977, the approximate number of policies in force in the district was 8,033 with a total sum assured of Rs. 252.35 lakhs, as against 7,091 policies with sum assured of Rs 204.16 lakhs a year before, and about 6,770 policies with a total sum assured of Rs 184.88 lakhs by the end of March 1975. The total annual premium income from the district in life insurance was Rs. 8.39 lakhs for 1975-76, as against Rs 7.36 lakhs, Rs 6.64 lakhs and Rs 5.85 lakhs in 1974-75, 1973-74 and 1972-73 respectively. The Department has been reorganised in 1976 as a result of which it has opened branch offices in headquarters towns of all districts including Chikmagalur which began to function from September 1979 for administrative efficiency and convenience of policy-holders.

### **Drive for savings**

The National Savings Scheme was taken up as early as 1943, when the National Savings Certificates of 12 years' maturity were introduced in the district. Such certificates of five and seven years' maturity were issued in 1948 followed by 10 years' National Plan Certificates in 1957. The scheme made much progress in recent years. Massive public expenditure on several socio-economic developmental works undertaken by the State from time to time through successive economic plans has emphasised the greater need for mobilising more and more funds for furthering the welfare activities. The National Savings Schemes, being basically a savings device and investment-oriented, is considered as also one of the methods of capital formation in addition to being one of the instruments to check inflationary trends in the economy. In order to popularise the scheme specially

in the rural areas, the National Savings Organisation arranges several savings drives at the district and taluk levels and mobilises savings through the sale of National Savings Certificates of various denominations and durations. The total value of National Savings Certificates of different series sold in the district amounted to Rs. 30.84 lakhs in 1979-80 as against Rs. 26 lakhs and Rs. 29.57 lakhs in 1974-75 and in 1973-74 respectively, exceeding the target fixed for those years. Besides these certificates, the other modes of savings include opening of savings bank accounts, cumulative time deposits, recurring deposits and time deposits in post offices. The net amount invested in the district in the form of cumulative time deposits during 1979-80 was of Rs 5.14 lakhs as against Rs 71,031 and Rs 33,869 in 1978-79 and in 1977-78 respectively. The amount of recurring deposits in the above years was Rs 7.32 lakhs, Rs 2.77 lakhs and Rs 7.71 lakhs respectively. The investment made under the time-deposit scheme stood at Rs. 7.34 lakhs in 1979-80 as against Rs 7.06 lakhs and Rs 15.07 lakhs in 1978-79 and 1977-78, respectively. The total amount of incentives given by the State Government in the district to various individuals and institutions including local self-government bodies was Rs 19,450 in 1975-76 as against Rs 49,500 in 1974-75 and Rs 45,030 in the previous year. The system of post office savings bank accounts is also helping to mobilise savings in both urban and rural areas. As in 1980, there were 277 post-offices in the district which had savings bank facilities. The total number of accounts opened in post offices was 3,281 in 1977-78 and it had gone up to 4,870 in 1978-79 and 6,051 in 1979-80.

#### **Karnataka State Lottery**

There has been considerable response in this district to the Karnataka State Lottery Scheme being conducted by the Government since 1969, as one of the measures to mop up small savings. Twenty-five per cent of the prize amounts of rupees one lakh and above, and 10 per cent of the prize amounts below rupees one lakh and upto Rs 5,000, are to be invested in the form of National Savings Certificates, besides paying income-tax at 30 per cent and surcharge at six per cent on income-tax, on all winnings exceeding Rs 1,000, at the source, subject to assessment by the Income-tax Department. Mini lottery draws are also conducted at the rate of one draw for every ten days from May 1976 in addition to the monthly and special draws. In 1980, there were about 60 sub-agents in the district engaged in the sale of State lottery tickets as against 50 and 60 in 1975 and in 1974 respectively. Lottery tickets of a few other States are also permitted to be sold on a reciprocal basis. The number of State lottery tickets sold in the district was about 5.29 lakhs during 1979-80 as against 3.44 lakhs in the previous year.

#### **Coinage and currency**

Through the centuries, many changes took place in coinage with the rise and fall of the ruling dynasties. There were variations in contents, designs,

sizes, weights, etc. King Vishnuvardhana of the Hoysalas had issued gold coins in three sizes. During the Vijayanagara rule, coins made of gold, silver and copper were in wide circulation. The important denominations of the Vijayanagara coinage included *varaha* or *gadyana* (also called *pagoda* or *pon pratapa*), *kati*, *pana*, *haga*, *china*, *tara*, *jatil* and *kasu*. The Keladi rulers basically following the Vijayanagara system of coinage, introduced a few innovations. They had *varaha*, *honnu*, *darna*, *hana*, *mupaga*, *adda*, *haga*, *bele*, *visa*, *are-visa* and *kasu* denominations of coinage in the descending order. Some of the inscriptions mention the relative values of these coins to others as follows.

<i>varaha</i> = <i>gadyana</i>	1 <i>adda</i> =2 <i>haga</i>
1 <i>varaha</i> =2 <i>honnu</i>	1 <i>haga</i> =2 <i>bele</i>
1 <i>hon</i> =2 <i>darana</i> s	1 <i>haga</i> =4 <i>visa</i>
1 <i>hon</i> =5 <i>hanas</i>	1 <i>visa</i> =2 <i>are-visa</i>
$\frac{3}{4}$ <i>hana</i> =1 <i>mupaga</i>	1 <i>haga</i> =16 <i>kasu</i>
1 <i>hana</i> =2 <i>adda</i>	

Among the coins issued by the Keladi kings the most popular coin called *Ikkeri varaha* was a gold coin ascribed to the time of Sadashiva Nayaka with the legend 'Sadashiva' in the Devanagari script which also resembled the Vijayanagara coin of king Sadashiva Raya. But the word *pratapa* found frequently on the Vijayanagara coins was not mentioned on the coins of the Nayakas of Keladi. During the regime of Haidar Ali, the *varaha* was styled as "Hydari gadyana". Later, during the time of Tipu Sultan, it was issued as *Sulthani hana*. Mumtaz Ali Krishna Raja Wodeyar, on assuming the Government in 1811, issued the coins as Krishna Raja *varaha* with Shiva and Parvati on the obverse and adding the words "Shri Krishna-raja" in the Devanagari script. By about 1843, the coins issued by the East India Company were generally accepted in the region as standard medium of exchange. By a notification issued in 1870, the Indian Coinage Act of 1870 was extended to the princely State of Mysore also and the coins of the Government of India were made legal tender in the State. The Emergency Regulation of 1918 made the currency notes of Government of India issued in the Madras Circle as legal tender in the Mysore State also. An amendment to the Indian Coinage Act of 1906 was passed by the Parliament in August 1955 for bringing into force the decimal coinage system which was introduced from the 1st April 1957 in all parts of India including the district of Chikmagalur.

#### B—TRADE AND COMMERCE

A system of trade guilds and the like developed during the ancient and mediaeval times served well in promoting trade and commercial activities. There were enterprising merchants and traders who organised marketing

activities in small as also bigger areas. Because of the hilly and forested nature of the *malnad* and semi-*malnad* parts, there were special transport and communication difficulties in the region, which much hampered trade and commerce. Due to limited requirements of the general public and considerable self-sufficiency of villages, export trade was confined only to a few surplus goods. Generally, people belonging to certain sections only were engaged in trade practices, in addition to carrying on indigenous banking activities suited to those days. Trade was a good source of revenue to the State. The rules of Vijayanagara did much for the development of trade and commerce by encouraging local and foreign merchants to visit the various parts of their extensive dominions. The Nayakas of Keladi also promoted both internal and external trade by means of introducing several progressive trade regulations. Their government had a trade monopoly with the Portuguese of Goa in respect of pepper and rice. Tipu Sultan had set up a royal board consisting of nine commissioners to enforce trade regulations and thereby to promote trade. However, some of his regulations being arbitrary and transit duties imposed being heavy, they proved impediments in the way of flow of trade. This adverse effect continued even upto 1831. Before the introduction of District and Provincial Fund Roads, and railways in the district, the principal traffic between the *malnad* and the *maidan* taluks of the district passed through the passes (*kanives*) of (1) Talagudde, (2) Talamakki, (3) Biranahalli, (4) Gante Vinayaka and (5) Sital-Mallappa. During the period from 1879 to 1899, the *malnad* parts of this district were connected by a network of roads.

The completion of the Bangalore-Harihar railway line in 1893, which passes through the eastern side of Kadur and Tarikere taluks of the district via Devanur, Kadur, Birur, Ajjampura and Shivane, covering a total distance of about 59.92 km proved a great boon for the movement of materials and men. In 1899, a section of a railway line from Birur to Shimoga was opened for traffic. It passes through Shivapura and Tarikere of the district covering a distance of about 34 km. This also contributed much to the development of both internal and external trade of the district.

Roads are the chief means of transportation in most of the taluks and specially in the *malnad* areas of the district. In the interior *malnad* taluks of Koppa, Narasimharajapura and Sringeri, the transportation network needs a good deal of expansion and improvement to help the development of economic activities. The credit requirements of road transport operators were assessed at Rs 28.50 lakhs for 1978-79 as against Rs 26 lakhs in 1977-78 by a lead bank survey conducted in the district.

The total number of people engaged in trade in the district including their dependents was 11,715 in 1921 and it occupied the third place, i.e., next to agriculture and industry. By 1961, the total number of persons engaged in trade and commerce of the district was 7,542 including 729 females, and of these 4,054 were in the urban centres, and the rest (3,488)



in the rural centres. The largest number of persons engaged in trade was in Chikmagalur taluk (1,973), followed by Tarikere (1,661) and Kadur (1,532). The total number of persons engaged in trade and commerce of the district in 1971 was 11,906 including 628 women. Of them, 6,781 were engaged in urban centres and the rest (5,125) in the rural areas. Both in 1961 and in 1971, Chikmagalur town had the largest number of persons engaged in trade and commerce followed by Tarikere and Kadur.

### **Imports and exports**

The principal imports and exports of the district during 1920s and 1930s included 24 items, the chief among them being coffee, pepper, arecanut, cardamom, rice and other foodgrains. The arecanut grown in the district was exported to Bangalore and Bellary, coffee to Mangalore, cardamom to Haveri of Dharwad district, chillies and pepper to Bellary and jaggery to Mangalore. The chief imports of the district then were rice and ragi from Bangalore and Hassan, jowar from Chitradurga, dal from Hassan, Chitradurga and Bangalore areas, while dry coconut used to enter the district from Hassan and Tumkur, jaggery from Bangalore and Kolar and coconut-oil from Bangalore. The commodities like cotton thread, coarse cloth and piece-goods were imported from Bellary, Bombay and Madras, silk from Varanasi, gold and silver from Bombay, and iron and steel from Bombay and Bangalore.

At present, in normal years, surplus rice of the district is exported mainly to Uttara Kannada and Dakshina Kannada districts. Fruits, flowers, vegetables, machinery and stationery goods are imported from Bangalore, while building materials and provisions are exchanged with Dakshina Kannada district. Betel leaves, which are noted for their fine quality, mostly grown in areca gardens as an inter-crop in about 79 hectares in Tarikere taluk, are exported to Hassan, Chitradurga, Tumkur and Shimoga. Cardamom is sent to Mangalore, Bangalore, Haveri, Shimoga, Belgaum and Mysore within the State, and exported outside the State. Coffee, arecanut, and cardamom constitute the prominent exports of the district. Large quantities of timber are sold through Government timber depots. Fire-wood is sent to Bangalore and other places, while textiles including silk, medicines and electric goods, etc., are imported from Bangalore by rail and road. In recent years, transportation of goods by lorries has become common. There are constant trade contacts with all the neighbouring districts.

### **Trade centres**

Chikmagalur, Tarikere, Kadur, Mudigere, Birur and Koppa are major centres of business in the district. The other business centres of the district include Lakkavalli, Sakrepatna, Ajjampura, Balehonnur and Kalasa. In the *malnad* taluks, the number of business centres is comparatively small. Normally, wholesale transactions are effected in arecanut, coffee, paddy, jowar, ragi, jaggery, coconut, chillies, groundnut, etc. Transactions are

also done in regulated markets and co-operative marketing societies, in addition to local bazaars where traders, merchants, commission agents and others carry on brisk activities. Besides a number of well-established wholesale and retail traders scattered all over the district, there are several categories of itinerant traders like hawkers, pedlars, pavement shop-keepers, cheap jacks and market-day traders. Their number is large in towns like Chikmagalur, Kadur, Birur and Tarikere. According to the Credit Plan of the district, the total credit requirements of wholesalers, retailers and other small businessmen of the district together were estimated to be Rs 36 lakhs for 1978-79, as against Rs 31 lakhs in the previous year. The important centres of cattle trade of the district are Ajjampura and Antaraghatta.

### **Regulated Markets**

The regulated market ensures remunerative and competitive prices to the producers and systemises marketing on proper lines. For relieving the agriculturists from several difficulties experienced in obtaining fair prices for their produce, the need for establishment of regulated markets was keenly felt. Before the establishment of regulated markets, there were several types of malpractices at different stages like variations in weighing and measuring, excessive market charges, unauthorised commissions, charities, deductions, etc. There was also no authorised agency to settle the disputes that arose between the market functionaries and growers. Before independence, the princely State of Mysore had taken several measures in extending relief to the aggrieved agriculturists and had enacted the Mysore Agricultural Produce Market Act, 1939, which was brought into effect from March 1947. After the formation of the new State, the Karnataka Agricultural Produce Marketing (Regulation) Act, 1966, was enacted and brought into force in the district from May 1968. Under the Act, those desiring to work as market functionaries in different capacities are required to obtain licences. The District Marketing Officer is empowered to administer the provisions of the (1) The Karnataka Agricultural Produce Marketing (Regulation) Act, 1966 (Karnataka Act 27 of 1966), (2) The Karnataka Warehouses Act, 1961, and (3) The Karnataka Agriculture Produce (Grading and Marketing Act, 1937). The District Marketing Officer has to implement also the plan schemes drawn up for improvement of different aspects of agricultural marketing in the district.

The Chikmagalur district is a part of the jurisdiction of the District Marketing Officer, Hassan. There are two regulated markets functioning in this district—one at Kadur and the other at Tarikere. The Kadur Regulated Market established in 1958 has Kadur and Chikmagalur taluk as the area of its operation, while the Tarikere Regulated Market set up in 1964 includes the taluks of Tarikere and Narasimharajapura. The taluks of Koppa and Sringeri are included in the area served by a regulated market committee of Shimoga district, while the Mudigere taluk is included in Sakaleshpur

Market Committee of Hassan district. A district credit plan prepared by the lead bank estimated that the total credit requirements of the district for improvement of marketing and storage facilities were Rs. 23 lakhs in 1978-79, as against Rs 19 lakhs and Rs 15 lakhs in 1977-78 and 1976-77 respectively.

#### Agricultural Produce Market Committee, Kadur

As many as 21 commodities have been declared as notified commodities of the Kadur Agricultural Produce Market Committee, including groundnut, coconut, areca, jaggery, cotton, paddy, chillies and soapnut. The mode of sale prevailing in the market is open auction in respect of groundnut, and coconut, while the other commodities are transacted by private negotiations. A development scheme of this Market Committee estimated to cost Rs. 8.8 lakhs was approved by the Marketing Department in 1974. It included Rs 4.80 lakhs for developmental work and Rs 4 lakhs as a loan to the market intermediaries for construction of godowns in the proposed market yards. During 1977-78, there were 472 traders of several categories attached to the Market Committee, in addition to 118 importers and 48 exporters, as against 467 and 398 traders in 1975-76 and in 1973-74 respectively. The latest reconstitution of the committee took place in 1975 with 13 members representing different constituencies like growers, traders, commission agents, local self government bodies, etc., including a Government nominee. The District Marketing Officer is an *ex-officio* member of Committee. The total number of persons employed by the Committee in 1978 was 19 including both executives and non-executives. The sub-joined table indicates the arrivals of some of the important notified commodities and their sales value for some recent years.

(Amount in lakhs)

Name of commodity	1973-74		1975-76		1978-79	
	Arrivals in quintals	Sales value	Arrivals in quintals	Sales value	Arrivals in quintals	Sales value
Jaggery	11,009	14.26	7,566	12.42	14,818	15.25
Jowar	4,84	5.55	2,649	2.49	3,878	3.75
Ragi	3,771	4.47	6,996	5.66	7,140	6.07
Horsegram	1,513	2.01	1,965	3.04	1,780	2.04
Groundnut	2,848	7.78	5,869	7.46	5,038	9.71
Paddy	2,250	2.40	4,496	3.66	12,790	12.51
Rice	1,311	2.67	16,155	24.70	20,496	30.94
Til seeds	5,499	17.87	8,745	43.52	4,546	16.70
Tamarind	1,340	4.41	713	0.91	2,567	0.51
Chillies	968	3.72	1,452	13.97	1,025	5.02
Areca nut	890	4.17	571	2.83	222	1.30
Coconut (in lakhs)	49.95	36.91	95.28	86.72	127.28	119.48

The income and expenditure of this regulated market from 1971-72 to 1978-79 were as follows.

(Amounts in 000's)

<i>Year</i>	<i>Income</i>	<i>Expenditure</i>
1971-72	38.9	29.5
1972-73	87.9	59.1
1973-74	148.8	54.0
1974-75	282.0	80.8
1975-76	512.8	277.0
1976-77	653.8	584.4
1977-78	371.4	211.2
1978-79	413.0	286.5

**Agricultural Produce Market Committee, Tarikere**

The notified commodities are 15 including rice, ragi, coconut, jaggery, coriander, chillies, jowar and paddy. Most of the commodities are exported to Bangalore, Bijapur, Hassan, Tumkur, Mysore and Davanagere. The method of sale in practice in this market is by mutual negotiations (as in 1978). Attached to this market committee, there were 262 traders of several categories in addition to 16 commission agents and 27 processors in 1979, as against 150 traders in 1976 and 154 in 1974. The number of commission agents functioning in the market, which was five in 1974, had increased to 36 in the following year, while it was reduced to 15 in 1978. The Committee spent Rs 39,258 towards purchase of land of about nine acres. Another sum of Rs 19,044 was expended on the developmental works during 1975-76. This market has been included in the first phase of the World Bank Project, for its all-round development from the year 1975-76. The reconstitution of this committee was done in 1975 with 14 members elected from different constituencies and including a Government nominee. The number of persons employed by the market was 11 in 1978. The table given below indicates the volume of arrivals and their sales value of some of the important notified commodities of this market for the years 1972-73, 1974-75 and 1978-79.

(Amount in lakhs)

<i>Name of commodity</i>	<i>1972-73</i>		<i>1974-75</i>		<i>1978-79</i>	
	<i>Arrivals in quintals</i>	<i>Sales value</i>	<i>Arrivals in quintals</i>	<i>Sales value</i>	<i>Arrivals in quintals</i>	<i>Sales value</i>
Paddy	5,632	4.41	2,166	2.71	1,519	14.43
Rice	21,141	28.61	28,081	57.65	35,508	53.76
Ragi	11,400	95.76	6,539	8.97	7,850	6.28
Jowar	2,940	2.67	4,872	7.51	1,230	1.10
Groundnut	576	0.92	1,012	2.10	654	1.30
Coriander	4,752	9.39	2,645	8.52	1,121	2.80
Chillies	584	1.97	417	2.42	317	1.20
Jaggery	1,565	2.37	946	1.82	1,430	2.14
Areca	237	1.36	397	2.38	527	2.63
Coconut ( <i>in lakhs</i> )	10.81	5.68	11.59	9.94	74.43	14.44

The income of this market committee was Rs 31,900 in 1971-72 and it had gone up to Rs 1,27,500 in 1974-75 and Rs 1,45,200 in 1978-79. Similarly, the expenditure was Rs. 28,300 in 1971-72 which had gone up to Rs 55,400 for 1974-75 and Rs 1,03,300 in 1978-79.

### **Coffee Board**

Among the commercial crops of the district, coffee constitutes one of the chief exports. The total planted area of coffee in the district during the 1976-77 season was 38,974 hectares. The total production of coffee in the district during the year 1966-67 season was 20,615 tonnes, which had increased to 22,337 tonnes in the next year and to 30,181 tonnes by 1970-71. However, during 1973-74 season, the production had decreased to 22,367 tonnes. According to the revised estimate by the Coffee Board, the total coffee grown in the district was 31,380 tonnes in 1978-79 as against 21,129 tonnes during 1975-76.

Before the constitution of the Coffee Board, marketing activities in regard to coffee were looked after by an organisation which was known as a Coffee Cess Committee which was formed to safeguard the interests of Coffee growers and to regularise the supply of coffee to the markets in India. With a view to helping the coffee industry and to develop it further, the Coffee Board has representatives of several interests comprising coffee growers, plantation workers, coffee-curing works, traders, consumers, three members of the Parliament and members representing the Governments of coffee-growing States of Karnataka, Kerala, Tamil Nadu and Andhra Pradesh. The latest reconstitution of the Board was done in 1978 and it consists of 32 members. The Coffee Board has its headquarters at Bangalore. The chief functions of the Board include promotion of sale and consumption of coffee within and outside the country, promotion of agricultural and technological research in the cultivation of coffee and assistance to coffee estates for their development. The Board also aims at securing better working conditions, amenities, incentives and remunerations for the workers. The Board is empowered to appoint several committees to carry out the programmes effectively.

Under the Coffee development plan launched by the Board in 1956, the Board offers several categories of loan assistance to coffee-growers to enable them to adopt improved methods of cultivation on scientific lines. The loan schemes of Board include long-term loans, special purpose loans, working capital loans and loans for equipment and machinery, replanting loan-cum-subsidy and extensive cultivation. The present system adopted by the Board in marketing of coffee is known as the Pool System under which all coffee-growers, irrespective of their sizes of holdings, are under a statutory obligation to register their estates and to deliver their entire crop to the pool, except such quantities as may be permitted by the Board for growers' domestic consumption and seed purpose. Payment to the growers, on the coffee pooled, is made on the basis of their values as

determined by the price differential scale fixed by the Board for the crop season. The pooled coffee is sold in the internal market, and export is made through convenient channels in regulated quantities and at convenient intervals. Under the above system of marketing, all coffee-curing establishments are licensed by the Board only. A number of pool-collecting depots at convenient centres in all coffee-growing areas have been opened by the Board, in addition to appointing a number of pool-agents who receive, cure and prescribe standards and arrange to deliver the pooled coffee to the parties to whom the Board has sold. The agents also collect the values from the buyers on behalf of the Board and carry out all instructions issued by the Board. The agents are paid remuneration for their services. The sale-proceeds of the pooled-coffee forms a part of the pool-fund which is utilised for making payments to the growers in accordance with the quality and quantity of coffee delivered by the growers to the pool and also for meeting the costs of pool administration. Generally, the price policy adopted by the Board is principally based on the cost of production of coffee worked out by its statistical department every year and taking into account pool expenses, excise duty, etc. It is to be approved by the Central Government. Normally, coffee is not sold in auctions at prices below this price.

#### **Marketing of Cardamom**

Cardamom is also an important cash crop produced in the district. At present, the cardamom produced in the district is marketed mostly through the regulated market of Sakaleshpur of Hassan district and the sub-market at Mudigere by open auction. It was declared a notified commodity in 1970. It is exported to Mangalore, Bangalore, Haveri, Shimoga, Belgaum, Mysore and other places within the State and to Bombay and Hyderabad outside the State. The total quantity of arrivals of cardamom at the Sakaleshpur regulated market was 34,635 kg. in 1973-74 out of which an extent of 24,852 kg. was sold for Rs. 17,39,640. In 1975-76, the arrivals increased to 45,994 kg. However, in the next two years, i.e., in 1976-77 and 1977-78, the total arrivals at the Sakaleshpur regulated market had decreased to 27,602 and 26,000 kg. respectively. During 1979-80, the total arrivals of cardamom to the sub-market at Mudigere was 19,816 kg. of which the quantity sold was 14,710 kg. for Rs. 16,91,650, as against 65,208 kg. sold in the previous year for Rs. 71,72,880. The number of total market functionaries dealing in cardamom attached to the Mudigere sub-market was 57 in 1979-80 as against 40 in the previous year.

#### **Fairs**

Fairs (*jatras and uruses*) are held on the occasions of periodical festivals of many religious institutions, which attract a considerable number of people from within and outside the district. Besides helping religious, socio-cultural and entertainment activities, they facilitate trade transactions by serving as centres of marketing of commodities and sometimes cattle also. A number of itinerant retail traders from within and outside the district

gather on the occasions. In these fairs, brisk sale of various types of household goods and articles, including cutlery, crockery, utensils, sweetmeats, toys, bangles, piece-goods, fancy goods etc. is done. About 61 fairs take place in the district. The number of fairs held in the district and the approximate number of people assembled at these centres is given below (see Ch. III).

<i>No. of fairs</i>	<i>Approximate number of people attending</i>
32	2000 or below
16	Between 2000 and 4000
9	„ 4000 and 6000
1	„ 6000 and 8000
2	„ 8000 and 10,000 and
1	Above 10,000

### Shandis

Shandis (weekly bazaars), which facilitated barter trade transactions in the olden days, continue to be held at many places in the district. They serve a useful purpose in the modern days also by meeting the needs as primary markets for local products or produces. In these *shandis*, a number of small retail dealers of the area, including small producers, put up their goods for sale. Consumers and middle-men make their purchases in small quantities or in bulk, according to their requirements. Such markets are helpful to small agriculturists and other small producers including craftsmen of various kinds to find a ready market. These markets are very convenient specially to the weaker sections such as agricultural labourers, plantation-workers, mine-workers and others for making their purchases. In these weekly markets, many itinerant traders like hawkers, pedlars, pavement shop-keepers, second-hand goods dealers, etc., are found in dealing in cheap articles, attracting a large number of consumers from the lower income groups. *Shandis* fetch also a revenue to the village panchayats and municipalities of the places. About 25 *shandis* are held in the district. A statement of the more important ones is given hereunder.

<i>Place</i>	<i>Taluk</i>	<i>Day of shandi</i>	<i>Approximate No. of people attending</i>
Chikmagalur	Chikmagalur	Wednesday	8,000
Aldur	„	Saturday	2,000
Kadur	Kadur	Monday	5,000
Birur	„	Saturday	4,000
Tarikere	Tarikere	Friday	5,000
Ajjampura	„	Tuesday	4,000
Shivane	„	Friday	2,000
Lakkavalli	„	Sunday	2,000
Kallahattipura	„	Sunday	2,000
Mudigere	Mudigere	Friday	2,000
Gonibeedu	„	Thursday	3,000
Banakal	„	Monday	2,000

### **Warehouses and godowns**

Public warehousing was introduced in India with the enactment of a Central Law called the Agricultural Produce (Development and Warehousing) Corporation Act, 1956, subsequently repealed and replaced by the Warehousing Corporation Act, 1962. A Central Warehousing Corporation and State Warehousing Corporations in the various States were established with the main objectives of providing facilities of scientific storage and easy credit to the cultivators. These warehouses undertake storage of agricultural produce, seeds, manures, fertilisers and commodities notified by the Government from time to time as offered by individual producers, traders, agricultural co-operatives and other institutions. The stocks held in these warehouses are insured against possible risks. The warehouse receipts issued can be pledged with any bank and also adjusted for sale and purchase of goods covered by it. The Karnataka State Warehousing Corporation, Bangalore, established in 1957, opened a warehouse at Kadur in August 1975. It has a storage capacity of 1,300 mts. A new facility called 'Disinfestation Extension Service' has been made available by the Corporation in the district to its various users. Help is being extended for preserving food-grains on scientific lines with the help of technically trained personnel of the Corporation.

Under a massive programme of extending godown facilities in the rural areas, supervised by the Department of Co-operation, godowns of different sizes and categories have been constructed by co-operative institutions like marketing societies, consumers' and producers' co-operatives, processing co-operatives, etc. Financial assistance is being extended by the Government to such co-operatives for this purpose.

### **Fair price shops**

In 1975, there were 314 fair price shops in the district as against 194 in 1973. However, by 1980, the number of fair price shops functioning in the district was reduced to 246, of which 140 were managed by co-operative agencies, 84 by private merchants and the rest 22 by others (including village panchayats, youth associations, etc.). The largest number of these shops (80) were in Chikmagalur taluk followed by Tarikere taluk (49), and Kadur (41). An informal rationing system was introduced at Chikmagalur and other places of the district in April 1977. The commodities like sugar and wheat were being allotted on ration cards on *ad-hoc* basis taking into consideration the demand and supply position.

### **State trading**

The procurement of levy paddy was started in the district in 1964-65 by the Karnataka Food and Civil Supplies Corporation Ltd., Bangalore, which is the main agency for procurement of levy paddy. The taluk co-operative marketing societies are working as sub-agents for procurement of levy paddy in the district. In 1979-80, the total quantity of levy paddy



procured was 46,742 quintals as against a target of 31,670 quintals. The corresponding figures for 1975-76 and 1971-72 were 70,299 and 1,24,673 quintals, 30,339 and 42,200 quintals. The procurement rates for different varieties of paddy in the district were Rs 120 for fine, Rs 118 for medium and Rs 115 for coarse varieties respectively in 1979-80 (which included rupees six per quintal as transportation charges).

### **Trade associations**

The district has several associations of traders and merchants connected with different categories of trades, occupations and industries. These are nonworkers associations. Most of them are located at Chikmagalur. These associations include Indian Planters Association, Karnataka Planters Association, Planters Cardamom Marketing Syndicate, Merchants Association. These voluntary associations have been formed with the objectives of maintaining close co-operation and co-ordination among the members engaged in similar lines of trade/business and to formulate a common policy, code of business and to devise ways and means for promoting their interests. Sometimes, these associations also strive to settle disputes through their own tribunals.

### **Indian Planters Association**

A voluntary association of planters was originally started as early as 1893 at Chikmagalur to put forward the grievances of the Indian planters. In the beginning, the name of the Association was North Indian Planters Association of Mysore. The main objectives of the Association are to promote planters' interests in general and to represent grievances of the planting community to the Government, to maintain co-ordination with other planting associations, chambers of commerce, mercantile bodies, trade unions, etc. The membership of the organisation is open to all planters who own plantations of coffee, tea, rubber and cardamom in the districts of Chikmagalur, Dakshina Kannada and Shimoga. In 1979, the Association had 143 members and of these 130 were from Chikmagalur district. The annual subscription of membership in the association varies according to the sizes of the holdings owned by the planter-members. The association is managed by an executive committee elected by the general body. Annual subscription fees and admission fees are the main sources of income to the association. This association is affiliated to the Karnataka Planters Association Chikmagalur, and the United Planters Association of South India, Coonoor, Nilgiris district.

### **Planters Cardamom Marketing Syndicate**

The Planters Cardamom Marketing Syndicate was formed at Mudigere in September 1978 by some growers of cardamom to protect their interests. The Syndicate arranges assembling and storage of cardamom grown by the planters. The mode of selling the produce adopted by it is open auction. The association charges one per cent commission from the sellers for its services. The Syndicate had 16 members in 1979.

### Weights and Measures

Before the introduction of the metric system of weights and measures in the district, the old systems that were in vogue were not satisfactory, there being no definite and uniform standards in regard to them. The common measures used while weighing articles and grains were *mana*, *dhade* and *seer*. *Mana* was a measure of weight. Four *dhades* (40 *seers*) were equal to one *mana*. The immediate lower denomination of *mana* was *dhade* with a weight of ten *seers*. For measuring the foodgrains, the measures of capacity were *khandaga*, *kolaga* and *padi*. Twenty *kolagas* or 50 *seers* were equal to one *khandaga*, and a *padi* was equal to half a *seer*. While assessing the sowing capacity of lands also, these above mentioned measures were applied. A *seer* of 24 tolas was used for weighment of vegetables, while a *seer* of 36 tolas was in vogue for weighing butter. For weighment of mutton and fish, a *seer* of 80 tolas was made use of. A Bengali maund of 28 lbs. was used for weighment of cotton, jaggery, arecanut, tamarind, chillies, iron-scrap, etc., while fire-wood was sold in *maund* of 48 *seers*. Edible oils and the like were sold by a one-fourth *seer* measure which was also called as *seer*. Coffee seeds were sold in terms of pounds. The standard metric weights and measures of various capacities prescribed under the Karnataka Weights and Measures (Enforcement) Act, 1958, and Rules made thereunder are now employed in business transactions all over the district. In order to enforce the provisions of the Act effectively, an office of the Assistant Controller of Weights and Measures was opened at Chikmagalur in 1970. During 1976-77, there were in the district 1,575 traders, 125 industrial establishments, 49 petrol pumps and 18 Government establishments which came under annual verification of the Department, and the total revenue derived was of Rs 27,918.