

## CHAPTER 6

### **BANKING, FINANCE, TRADE AND COMMERCE**

Generally, for the economic development of a region, the financial institutions working in both the organized and unorganized sectors contribute in their own way. The banking includes the mobilization of resources by means of deposits and the deployment of the same for productive purposes. Banking institutions are the financial institutions, which extend credit facilities or needed finance for the development of agriculture, industry, trade and commerce by mobilizing the savings from the general public and thereby help to accelerate the growth of socio-economic activities. It is found that, banks in recent decades are responding to the present day needs of rural area and have become active instruments of socio-economic transformation in the rural area and are helping the Government in the implementation of the economic programmes, policies and priorities of the Government. Like other parts of the state, here also, in the Kolar district, Banks are found playing a key role in bringing the socio-economic transformation at the grass root level.

#### **Banking and Finance**

It can be traced that, in the beginning of the 20<sup>th</sup> century, and

before the commencement of organized banking activities, for meeting the financial needs, for development of agriculture, trade and commerce, to approach the private Local Money-Lenders was very common. Though, the *modus operandi* of the money lending of those days is not known much; but most of the villagers used to approach the rural *sahukars* (rich persons) and commission agents (Traders who were also doing money lending) for their financial needs.

In those days, the practice of money-lending was free and open, without any legal restrictions and regulations, as such even small money lenders were also exploiting the debtors; farmers used to pledge their movable and immovables like gold ornaments, land etc., to meet the required credit for agricultural operations and also for other needs. In every village, there used to be some money-lenders known to borrowers; the money lenders were fully known about the character, nature and property of the borrower and used to lend money on fixed rate of interest; for the recovery of the loans, the creditors even used to go to the houses if the borrowers and those debtors who could not repay, the money lender used to acquire the secured property of the loanee. Most of the farmers being illiterate, used to become the easy victims for the exploitations of the money lenders. To cater to the financial needs of the poor farmers was the profession of money lenders. Even the rich money lenders working in towns, used to go to villages for lending and also used to exploit the farmers by means of coercive practices. These merchant moneylenders used to collect food grains from villagers and used to stock them in their godowns; for selling on profit during scarcity period.

During the Vijayanagar rule, as in the case of other areas, here also, the Government encouraged for the cultivation of waste land by providing the required financial assistance to enable the farmers to go for agricultural implements, cattle etc., It was also encouraged to grow commercial crops by providing financial assistance for seeds, plants and initial expenditure. In course of time, due to the situations like internal dissensions, external wars etc., the Government could not extend such facilities, as such the local money-lenders who used to cater the needs of the borrowers easily flourished and their business was mainly relied upon mutual

trust and confidence. The loans were discharged either in lumpsum or in instalments. The charging of compound interest was very much in vogue.

The activities of the modern banking in the districts were heralded in 1918 by the then Mysore Bank (the present State Bank of Mysore) by opening its branch at Oorgaum in the Kolar Gold Mines area. Prior to the opening of the branch of State Bank of Mysore; there were large accumulations of unused capital, which did not sufficiently flow into the fruitful channel. At the same time, there was a large group of agriculturists suffering from the chronic inability to secure the funds required by them for the expansion of their agricultural pursuits on simple interest.

In 1894, the then Dewan Sri K.Seshadri Iyer, while addressing the members of the Mysore Representative Assembly, pinpointed that "the ordinary cultivator was unable to get any credit except at usurious rates of interest". In order to mitigate this problem, the Government established 'Agricultural Banks'. These were the institutions of association of landholders working on the principles of co-operative character, with no profit motive. These banks were lending cheaper credit for the development of cultivable lands and for redemption of old debts. By 1898, there were as many as 64 such banks functioning in the state including some working in Kolar district. However, the life span of these banks was very much limited. They failed to function in due course due to several reasons. The main reasons were cheap rate of interest on credit, failure to attract local resources, lack of encouragement, absence of proper supervision and control.

By 1914, Kolar district had four such banks working at "Hongenahalli (Malur Tq.) Muduvatti (Kolar Tq.), Tippenahalli (Chikkaballapur Tq.) and Sabbenahalli (Gauribidanur Tq.). Among them only the Hongenahalli bank was working properly and the rest were liquidated due to inefficient functioning. In the mean while, the launching of the co-operative movement in the state in 1905, made the way for the establishment of Co-operative Banks/Societies, which were more dynamic and effective in their functioning than the previous Agricultural Banks. Towards the close of the first world war, the increased awareness in the general public about the concept of savings and its importance, formation of capital and its

investment for developmental activities etc. facilitated the growth of modern banking.

By this time; the moneyed people of the district had facilities to invest their savings in the institutions like Mysore Government Savings Banks, the Post Office Savings Banks and the branch of State Bank of Mysore working at Oorgaum. By 1945, the Mysore Bank had opened its branches at places like Bangarpet, Chintamani, Chikballapur and Kolar.

**Money Lenders:** The nature of agricultural operations are such that farmers have ever increasing need of credit for improving farming as well as to meet the domestic expenses. The inevitable practice of getting loans at usurious rates of interest resulting in heavy indebtedness, was the common feature in both rural and urban areas; The only source from which the money obtained was private money lenders, who as a rule charged exorbitant rate of interest. The heavy burden of paying the interest had deprived many farmers of their landed property and had forced them to work as landless agricultural labourers in the same village or else as labourers in towns. Added to this, lack of adequate seasonal rains and the consequent withering of crops in successive years, old and conservative methods of farming, abnormal increase in the prices of day-to-day essential commodities etc. had contributed to the increasing rural indebtedness. In Kolar district, private moneylenders and professional financiers had spread themselves in all parts. They were concentrated at places, where there is demand, and their *modus operandi* was such that they fully exploited the borrowers, by taking the undue advantage of the poverty. They used to lend only on the security of immovable properties like land, building etc.,

### **Control of Money-lending**

In order to mitigate the hardship faced by the farmers from the abuses practiced by the moneylenders, the state Government initiated several legal relief measures. The formation of Primary Agricultural Credit Co-operative Societies in villages had checked to some extent the exploitations of moneylenders. The role of Co-operative credit societies has been dealt with separately.

In order to have effective control and checking on money lenders, to relieve groaning farmers from the clutches of money

lenders an enactment called the Mysore Money Lenders Act 1939 came into being, covering all types of money lenders under its statutory orbit. The Act imposed several restrictions on the activities of Moneylenders. Accordingly, the rate of interest was regulated, registration and licensing, proper maintenance of accounts for inspection etc., were made mandatory. The Act stipulated certain penalties for infringement. The introduction of the money-lenders Act 1939, and the promulgation of the Agriculturist Debt Relief Act, and setting up of Debt conciliation Boards in specified areas brought some material relief, but could not completely eliminate some of the evil practices. The practice of simple mortgages declined in number and, mortgages with possession and conditional sale become order of the day. According to 1939 Act, the rate of interest prescribed was 9% on secured and 12% on unsecured loans. But, interests actually collected through these transactions were higher than those mentioned and therefore the legislative enactments to check the spread of evil practices of money lending stood circumvented to a certain extent.

The main types of loans in vogue were mortgage loans on the security of both movable and immovable, Loan on Promissory Notes; and Money Bond Loans granted on the security of standing crops was also considered Money Lending.

As per 1939 Act, the regulating and licensing authority at the district level vested with the District collector (Deputy Commissioner). In order to suit the changing conditions the necessary amendments were incorporated to the Act in 1955 and in 1956.

After the re-organization of the state, more comprehensive and uniform Acts applicable to the entire state known as Karnataka Money Lenders and Pawn Brokers Act 1961, as enacted and Rules there under were brought into effect on 1966. Under this new Act, the Registrar of co-operative societies will function as *Ex-Officio* Registrar General of Money Lending in the state. At the district and sub-divisional level, the Deputy Registrar of Co-operative societies and Assistant Registrar of Co-operative societies respectively are empowered to regulate and control the money lending activities. The Act totally prohibits money lending without a valid license. As per the notification of 1965, the Government has

fixed the maximum rate of interest permissible on secured loans at 15%, and on unsecured loans at 18%.

The department of co-operation was re-organized in 1966, accordingly, the officers at the district and sub-divisional level were re-designated as Deputy Registrars of Co-operative Societies and Assistant Registrars of Co-operative Societies respectively, since then these officers are empowered to control and regulate the Karnataka Money Lending and Pawn Brokers Acts and in addition, since 1982, they are also empowered to regulate Chit Fund Act 1982 and Chit Fund Rules (Karnataka) 1982. The Statutory rates of interest chargeable by the Money Lenders were revised in 1992; accordingly, the maximum rate of interest chargeable on secured and unsecured loans shall be 21 and 23 percent respectively.

Since the state experienced the situations of severe drought conditions during the last three years, the interest rates were revised since 2003; accordingly, secured loans now carry 14% while the unsecured ones are chargeable at 16% interest.

During 1985-86, in the district, there were 75 Money Lenders, 342 Pawn Brokers. By 1990-91, there were 65 Money Lenders and 356 Pawn Brokers, By 1995-96, the district had 70 Money Lenders, 301 Pawn Brokers. In the year 2001-02, the district had 80 Money Lenders, 306 Pawn Brokers and in the next year (2002-03) the number increased to 112, 319 respectively.

During the period of five years from 1999-2000 to 2003-04, the total advances made by the Money Lenders were accounted to 32 lakhs, 75.19 lakhs, Rs.99.20 lakhs, Rs.6.80 lakhs and Rs.26.07 lakhs respectively. While the advances made by the Pawn Brokers in the above years were reckoned at Rs.41.80, Rs. 88.35, Rs.115.70, Rs.8.85 and Rs.27.72 lakhs respectively. The amount of license fees and security deposits collected from money lenders and others by the Government respectively accounted to Rs. 21.91 lakhs, Rs. 64.80 lakhs in 1999-2000, Rs. 24.13 lakhs and Rs.65.34 lakhs in 2000-2001, in 2001-02 it was Rs. 26.16 lakhs and Rs. 68.88 lakhs, in the next year 2002-03, the amounts accounted to Rs. 3.13 lakhs and Rs. 75.15 lakhs. In 2003-04 the respective amount as Rs.5.87 and Rs.79.81 lakhs. The Money Lenders and Pawn Brokers are expected to renew their licenses once in five years as per the recent Government Order.

It is very common that, many private Money lenders, and well to do persons, landlords including merchants etc. are found engaged in Money lending secretly even without any license in limited circles. They charge a monthly interest between 2 to 5%. This business is mainly based on mutual trust and confidence. Of these private Money Lenders, many are engaged in conducting Chit Business, which are not free from several types of abuses like cheating, fraud and exploitation of public is also reported.

### **Finance Corporations**

In an unorganized sector of money market, in addition to money lenders and Pawn Brokers, there are many Non Banking Financial Institutions (NBFI) called Finance Corporations, found working in towns and trade centres of the district. These financial institutions mainly cater to the financial needs of local traders, merchants, small industries, for hire and purchase of vehicles as a pledge loan. They also do mobilization of deposits from the urban middle class by means of attractive incentives for depositors and also pay little more interest on deposits. The business clients of these organizations mainly include small traders, employees, and those engaged in vehicle transport business. These institutions, though are helpful in stimulating the habit of thrifts, many a times, their un-restricted and un-regulated and malfunctioning activities amounts to their downfall and cheating of public.

Generally those organizations are registered under the Indian Partnership Act, 1932 or Companies Act 1956. According to Karnataka Money Lenders Act 1961, the Department of Co-operation exercises control on the *modus operandi* of these institutions. In Kolar district, there were 302 finance corporations in 1985-86 and their number increased to 315 in 1990-91 and to 340 in 1995-96. By 2001-02 and 2002-03 the number reduced to 183 and 206 respectively. The deposits mobilized by the finance corporations in the district from 1999-2000 to 2003-04 accounted to Rs.47.06 lakhs, Rs.2.36 lakhs, Rs.2.36 lakhs, Rs.2.91 and Rs.3.11 lakhs respectively.

Most of the loans granted by these organizations are for non-agricultural purposes and are fully security oriented. The loans advanced by these agencies from 1999-2000 to 2003-04 were accounted to Rs.30.82 lakhs, Rs.64.75 lakhs, Rs.100.03 lakhs,

Rs.11.79 lakhs and Rs.36.99 lakhs respectively. According to chit fund Act 1982, the number of Finance Corporations obtained licenses for conduct of chit fund business and the figures in the bracket indicate the volume of Chit amount in Kolar district from 1999-2000 to 2003-04 and the Chit amount were as follows :- 1999-2000 = 508 (62.21 lakhs), 2000-2001 =551 (76.03 lakhs) , 2001-02 = 570 (78.01 lakhs), 2002-03 = 590 (79.84 lakhs) and 2003-04 = 292 (79.31 lakhs) lakhs.

### **Abolition of Bonded Labours Act 1976**

This central legislation of 1976, contemplates the abolition of age-old evil practice of bonded labour in existence. According to the act, the indebted bonded labourers were deemed to have been freed from the bondage from the date of enforcement of the Act, and debts payable to the creditors together with interest were deemed to have been discharged. Both the Central and State Governments have launched several rehabilitation measures to extend economic help for the benefit of the released. Under this plan, the expenditure is equally shared by the state and the central governments since 1979-80. The field staff of the Panchayat Raj institutions and the Revenue Department jointly undertakes the work of identifying and extending relief. The beneficiaries are provided with house, agricultural land and equipments including cattle's like cow, buffaloes and pigs, etc. Since the inception of this Act, till the end of March 2004, the number of people identified and released as bonded labourers was 2,938 and of them 2,618 were rehabilitated at an expense of Rs.110.94 lakhs and the rest 320 were not provided relief since they had migrated from the district. The taluk-wise breakup of bonded labourers identified and the number provided with rehabilitations were as follows: the figures in the brackets indicate the numbers rehabilitated. Kolar = 523 (439), Malur = 507 (418), Bangarpet=168 (148), Srinivaspura=213 (155), Mulabagilu=274(264),Chikkaballapur=114(102), Chintamani=98(95), Sidlaghatta=74 (69), Gudibande= 140 (121), Bagepalli=485 (480) and Gauribidanur = 342 (327)

### **Commercial Banking**

In the modern way of life, the banking services are considered as essential and popular, as because banks play a key role in the

socio-economic development of a particular region. Banking institutions help to mobilize the savings of the community and their proper investment in industry, trade and commerce, agriculture and also in various Government projects for productive purposes so as to ensure the all round development of the region.

### **Progress of Banking Industry in Kolar District**

The Banking industry made its earliest beginning in the later part of the 19<sup>th</sup> century in the district. The first joint stock banking company known as the Kolar Bank (Ltd.) was registered on 16<sup>th</sup> September 1869, followed by the Srinivasapura Savings Bank (Ltd.) on October 12<sup>th</sup> 1871, the Kolar Mutual Benefit Fund (Ltd.) on December 20<sup>th</sup> 1871, and the Srinivasapura Munsif Bank (LTD) on February 19<sup>th</sup> 1872. These four banks promoted in the respective centres under private ownership had a capital base of Rs.20,000 each. These banks were lending on the personal and joint surety of the borrowers and charging an annual interest between 9 and 24%, though it was considered to be high, but compared to usurious rates of private money lenders it was less. It seems that, these banks did not survive for a longer period. After functioning for a few years, they were liquidated one after the other. The following table indicates the details of Banking Companies started after the liquidation of these banks.

**Table 6.1 : List of Private Banks Established in Kolar District**

Sl. No.	Name of the Banking Companies	Date / Year of Registration	Place	Objectives
1	The Kolar Bank Ltd.,	16-09-1869	Kolar	-
2	The Srinivasapura Savings Bank Ltd.,	12-10-1871	Srinivasapura	-
3	The Kolar Mutual Benefit Fund Ltd.,	20-12-1871	Kolar	-
4	The Srinivasapur Munisiffs Bank Ltd.,	19-02-1872	Srinivasapura	-
5	The Kolar Victoria Bank Ltd., and Trading	1872	Kolar	Banking and Trading
6	The Kolar Commercial Bank Ltd.,	1872	Kolar	- ,, -
7	The Bowringpet Bank Ltd.,	1873	Bowringpet	- ,, -
8	The Doddapete Sahukaras Bank Ltd.,	1873	Kolar	- ,, -

Sl. No.	Name of the Banking Companies	Date/Year of Registration	Place	Objectives
9	The Ammanarapete Maharajas Bank Ltd.,	1873	Kolar	- „ -
10	The Chamaraj Wodeyar Bahadur Bank Ltd.,	1873	Kolar	- „ -
11	The Banaras Bank Ltd.,	1873	Kolar	- „ -
12	Sir Mark Cubbons Bank Ltd.,	1873	Kolar	- „ -
13	The Malur Bank Ltd.,	1873	Malur	- „ -
14	The Chikkaballapur Adalat Bank Ltd.,	10-02-1874	Chikkaballapur	- „ -
15	The Bowringpet Dharmabhivruddhi Bank Ltd.,	1874	Bowringpet	- „ -
16	The Karnataka Bank Ltd.,	1874	Kolar	- „ -
17	Sri Ganesha Bank Ltd.,	1874	Malur	- „ -
18	The Karnataka Kalanidhi Bank Ltd.,	1874	Sidlaghatta	- „ -
19	The Town Bank Ltd.,	1874	Kolar	Banking and Trading
20	The Rajadhani Bank Ltd.,	1874	Malur	- „ -
21	The Lakshmi Venkataramana Swamy Bank Ltd.,	1874	Kolar	- „ -
22	The Chikkaballapur Sri Subrahmaneshwara Swamy Bank Ltd.,	02-03-1875	Chikkaballapur	Banking
23	The Chikkaballapur Kasaba Dravyabhi Vardhini Bank Ltd.,	04-05-1875	Chikkaballapur	Banking and Trading
24	The Chikkaballapur Shubhadi Karma Sahaya Dhanabhivruddhi Bank Ltd.,	01-05-1875	Chikkaballapur	Banking and Trading
25	The Betamangala Bank Ltd.,	1875	Betamangala	- „ -
26	The Namadeva Bank Ltd.,	1875	Kolar	- „ -
27	The Kalyanapur Bank Ltd.,	1875	Kolar	- „ -
28	The Kodandarama Swamy Bank Ltd.,	1875	Chikkaballapur	- „ -
29	The Hindu Bank Ltd.,	1875	Srinivasapura	- „ -
30	The Rameshwara Swamy Bank Ltd.,	1875	Gudibande	- „ -
31	Srikanteshwara Swamy Bank Ltd.,	1876	Sidlaghatta	- „ -
32	The Shidlaghatta Rajadhani Bank Ltd.,	13-11-1886	Sidlaghatta	- „ -
33	The Chikkaballapur Rajadhani Bank Ltd.,	17-11-1888	Chikkaballapur	- „ -

Sl. No.	Name of the Banking Companies	Date/Year of Registration	Place	Objectives
34.	The Gowribidanur Taluk Manchenahalli Sri Lakshmi Venkateshwara Bank Ltd.,	10-12-1888	Manchenahalli	- „ -
35.	The Shidlaghatta Sahukars Bank	08-02-1889	Sidlaghatta	Banking
36.	The Chikballapur Kandavarpet Sri Venkataramana Swamy Bank Ltd.,	03-06-1890	Chikballapur	Banking and Trading
37.	The Gudibhande Upparahalli Sri Hanumantha Raya Swamy Bank Ltd.,	08-07-1890	Gudibanda	Banking
38.	The Shidlaghatta Lakshmi Sahaya Bank Ltd.,	16-09-1890	Sidlaghatta	Banking
39.	The Shidlaghatta Venkataramana Swamy Bank Ltd.,	25-04-1892	Sidlaghatta	Banking and Trading
40.	The Gowribidanur Venkataramana Swamy Bank Ltd.,	27-08-1895	Gauribidanur	- „ -
41.	The Shidlaghatta Anjeneya Swamy Bank Ltd.,	11-04-1904	Sidlaghatta	- „ -
42.	The Shidlaghatta Surya Narayana Swamy Bank Ltd.,	24-03-1906	Sidlaghatta	- „ -
43.	The Kolar Banking and Trading Co., Ltd.,	08-02-1921	Kolar	- „ -
44.	The Citizens Bank Ltd.,	10-04-1937	Robertsonpet	Banking (merged with Syndicate Bank)

Source: 1) Mysore Administration Reports 1871-72, 2) Statistical Abstract of Mysore 1915  
 3) Supplement to the statistical Abstract of Mysore State 1926 4) Statistical Abstracts of Mysore from 1923-24 to 1947-48; Commissioner of Economic Development and Planning in Mysore 1951.

Of these banks mentioned in the above table, Chikkaballapur Adalat Bank (Ltd.), Chikkaballapur Shubhadikarma Sahaya Dhanabhivridhini Bank Ltd., Chikkaballapur Rajdhani Bank (Ltd.), Gudibande Upparahalli Sri Hanumatnharaya Swamy Bank (Ltd.), Sidlaghatta, Suryanarayana, Swamy Bank (Ltd.); were found working even in 1913, and Chikkaballapur Sri Subrhamanneshwara Swamy Bank Ltd., Sidlaghatta Rajdhani Bank (Ltd.), Sidlaghatta Lakshmi Sahaya Bank (Ltd.), Sidlaghatta Venkataramanaswamy Bank (Ltd.), Gauribidnaur Srivenkataramana Swamy Bank (Ltd.), Kolar Banking

and Trading Co. (Ltd.), were found working upto 1924; further, Chikballapur Kasaba Dhravyabhivardhi Bank (Ltd.) Gauribidanur Taluk Manchenahalli Sri Lakshmi Venkateshwara Swamy Bank (Ltd.), Sidlaghatta Sahukar Bank (Ltd.), Sidlaghatta Anjeneya Swamy Bank (Ltd.) were found working upto 1948 as recorded.

Since the beginning of the 20<sup>th</sup> century, the banking industry in the district began to grow as a prominent activity engaged in the development of capital by mobilizing deposits. The speedy growth of economic activities like industry, trade and commerce, compelled the banking companies established outside the district to enter into banking business of the district by opening their branches in the prominent commercial centres of the district.

The erstwhile Bank of Mysore (the present State Bank of Mysore) founded in 1913 at Bangalore; Sir M.Visvesvaraya, a native of Muddenahalli of Kolar district initiated a pioneer and prominent banking organization sponsored by the princely Mysore State. The first branch of SBM in the district was opened in 1918 at Oorgaum gold mining area of Kolar Gold Fields. Later, in 1927, branches were opened in Kolar and Chikballapur and next year at Chintamani. Subsequently, branches of the SBM were opened in other places like Bangarpet (1945), Malur (1963), Gauribidanur (1964), Mulabagilu(1965), Srinivasapura (1966) and Sidlaghatta (1967). By the end of July 1969, SBM had 10 branches working in the district by stimulating banking activities through mobilization of deposits and the deployment of funds for local trade, commerce, industries etc.,

Except the last three branches of SBM mentioned above, the deposits and deployment of credit made by the seven branches together accounted to Rs. 127.76 and Rs. 18.31 lakhs respectively by the end of June 1966. Under the liberalized credit scheme to small industries, the credit granted was Rs. 1.79 lakhs. These branches were also doing the Government Treasury Business.

**The Vysya Bank LTD., (1930) :** One of the leading private sector banks of the state with its Head office at Bangalore, opened its first two branches in the district in 1945 at Chintamani, and Bangarpet, followed by two more branches in 1946 at Chikkaballapur and Mulabagil. By 1963, the Gauribidanur branch was opened. Thus, by

the end of July 1969, it had opened five branches in the district. These branch banks provided all general banking services to the customers including recurring deposit schemes etc., By the end of November 1966, the total deposits and advances of all these branches together accounted to Rs.47.09 lakhs and Rs.20.61 lakh respectively.

One of the leading Nationalized bank originated from Udupi i.e., the Syndicate Bank (earlier known as Canara Industrial and Banking Syndicate Ltd., 1925) opened its first branch in the district at Robertsonpet in 1963 by taking over the already working Citizen Bank Ltd., of that place. The Vijaya Bank, another leading bank based from Mangalore (1931), opened its first branch at Kolar Town in July 1963 and entered into Banking business of the district. Another leading nationalized bank of the country, based from Mangalore Canara Bank (1906), opened its Maidan branch in the district at Kolar town in 1968. In all, by the end of June 1969, there were 18 branch Banks of various commercial banks functioning in the district, namely 10 branches of State Bank of Mysore, five branches of Vysya Bank, and one each of Vijaya, Syndicate and Canara Banks.

On July 19<sup>th</sup> 1969, the 14 major private sector banks of the country were nationalized by the central government. It was an epoch making event in the annals of the history of Indian Banking. It was a bold and challenging step to bring the private sector financial institutions under the Government fold so as to enable the Government to make these institutions to work under the control and directions of the Central Government so that they could work in order to supplement the Government Programmes and policies and thereby hitherto neglected sections of the society could get adequate banking facilities on priority basis. Nationalized banks were expected to function as catalyst in the process of economic development of the country. Nationalization enabled the Government to bring the neglected and unorganized social sectors to the main stream of development. This changed the earlier concept of banking service, known as 'Class Banking' to 'Mass Banking'

In order to bring socio-economic transformation in the rural areas, these banks were given guidelines for lending and even targets were fixed in order to achieve those objectives. There were also instances wherein these liberal credit facilities extended by

organizing what is known as 'Loan Melas' and the like to gain popularity and there are instances that these loans were mis-used and abused.

The post nationalization decades, further accelerated the growth of banking network by adopting several innovative measures like launching of Lead Bank Schemes (1969), Social Commitments in lending with emphasis on priority sector advances, lending to specified schemes on differential rate of interests (DRI), establishment of Regional Rural Banks (RRB), special lending schemes for Antyodaya, Integrated Rural Development etc., (IRDP). Added to these measures, the second phase of nationalization in 1980 added additional support for rapid expansion of banking services, specially in rural areas which in turn resulted in the acceleration of growth of deposits and deployment of funds for development which can be seen in the table given below.

**Table 6.2 : Deposits and Advances Statistics**

Particulars	Year						
	1969	1972	1973	1974	1975	1978	1979/80
No. of Branches	20	46	49	50	52	52	77
Deposits (in crores)	3.00	7.82	8.50	10.02	12.05	23.55	33.98
Advances (in crores)	1.00	3.42	5.14	6.22	7.43	14.52	18.04

The decades followed by the second phase of nationalization (1980), associated with economic development and growing demand for banking services have been resulted in an increase in the number of bank branches in the district. In order to meet this growing credit demand many more nationalized banks and private sector banks both from within and outside the state have opened their branches and expanded the business of existing branches. The public sector banks entered into the banking business of the district during the post nationalization period include Dena Bank, State Bank of India, Corporation Bank, Bank of Baroda, Union Bank of India, Bank of India, Punjab National Bank, Central Bank of India. The Private Sector Banks include The Karnataka Bank Ltd., and The Karur Vysya Bank Ltd.,

The establishment of Kolar Grameena Bank in 1983 gave a good boom for an opening of good number of rural branches during the decade followed by. This network of rural branches contributed much for the development of rural areas and also in tapping rural deposits by inculcating the habit of thrift in rural community. The functioning of Rural Banks in rural and semi urban areas has stimulated the economic activities in the fields like Agriculture, Agro based industries, priority sector advances, Loans for self employment, rural transport etc.,

The table here under indicates the progress of banking industry in the district during the decade 1980 (figures from 1983-84 onwards include the branches of Grameena banks)

**Table 6.3 : Progress of Banking in the District**

Particulars	Year				
	1980-81	1983-84	1984-85	1988-89	1989-90
No. of Bank branches (nos)	83	125	152	163	175
Deposits (Rs. in crores)	34.10	59.49	71.00	138.63	164.00
Advance (Rs. in crores)	18.41	49.75	63.00	123.56	140.00

During the decade 1990 much emphasis was given for the qualitative improvement of banking services rather than that of increase in number of branches was restricted and more attention was given for deposits accretion and diversification of investment. The table given below indicates the trend of progress of banking in the district from 1990-91 to 2002-03.

**Table 6.4 : Progress of Banking in the District**

Particulars	Year							
	1990-91	1992-93	1993-94	1995-96	1996-97	1997-98	2001-02	2002-03
No. of Bank branches (in nos.)	185	186	186	186	187	185	183	182
Deposits (Rs. in crores)	222	251	302	413	473	547	829	1,018
Advances (Rs. in crores)	163	180	254	264	320	354	485	569

### Lead Bank Scheme

The Lead Bank scheme was ushered in 1969 by the RBI as recommended by the Nariman Committee which contemplates for several remedial steps in order to correct the regional imbalances observed in respect of availability of banking services with an area approach i.e., District as unit. The main object of the scheme is to provide adequate banking services to all districts in the country. This task was entrusted to public sector banks and for each districts, a lead bank was appointed to monitor and co-ordinate the operations. Under the programme, the lead banks undertake collection of data about the socio-economic survey of the district and identifies the growth centres, the credit requirements, and the resources needed etc. In order to make the scheme more meaningful and result oriented, selected villages were entrusted to the branch banks in order to achieve total development in these villages, a new scheme called service region, was framed since 1989 and accordingly branch wise credit plan is prepared and efforts are made for its implementation by the Lead Bank. For Kolar district, Canara Bank is assigned the responsibilities of Lead Bank services in collaboration with all financial institutions working in the district, and being implemented.

The progress made by the financial institutions of the district from 1998-99 to 2002-03 is given in the following table.

**Table 6.5 : Progress of Financial Institution in the district**

(Amount in lakhs)

Particulars	Year				
	1998-99	1999-00	2000-01	2001-02	2002-03
Deposits	68378.80	79456.48	91731.91	90522.05	109829.52
Advances	61764.77	69321.20	75835.32	76696.92	81875.74
Credit Deposit Ratio %	90%	87%	83%	85%	75%
Priority sector Advances	49200.41	54464.27	58459.37	61332.01	65079.91
Non-Priority Sector Advances	12564.36	14856.93	17375.95	15364.91	16795.83
D.I.R. Loans	117.21	118.01	172.32	168.55	119.27
Loans to weaker section	23589.15	24047.00	24654.98	24792.45	21636.61
Loans to SC/ST	4603.51	4771.05	5009.48	4966.86	5855.63

Source: Lead Bank (Canara), Kolar.

**Table No.6.6 : Progress Banking & Other Financial Institutions in the district as on March 2004**

(Amount in lakh rupees)

Banking Institutions of the District	No. of Branches	Deposits	Advances	C.D. Ratio	Priority Sector Advances	% PS in total Advances	Loan under DIR	Loan under IRDP	Loan to Weaker Section	Direct Advance to Agriculture Industries	Small Scale Industries	Loan to SC/ST
Karnataka Bank	3	4404.25	1085.35	24.64	569.13	52.44	1.16	2.76	136.72	125.71	28.34	22.34
Karur Vysya Bank	1	1704.73	3050.47	178.94	2948.59	96.66	-	-	4.89	3.15	-	1.74
Corporation Bank	5	4571.52	2818.16	61.65	1898.23	67.36	108.34	14.76	529.25	845.29	69.03	148.70
Canara Bank	38	25083.80	19455.50	77.53	15835.94	81.40	10.17	124.40	4076.98	8457.66	1587.49	1440.44
Dena Bank	1	136.28	106.92	78.46	79.32	74.19	0.14	2.66	11.01	63.68	1.38	9.61
Punjab National Bank	2	209.74	382.47	182.25	343.76	89.88	0.22	6.75	98.50	193.41	1.91	89.09
Bank of India	2	294.08	619.35	210.61	408.71	65.99	0.25	54.12	94.70	214.48	86.46	46.68
Bank of Baroda	3	620.38	570.26	91.92	406.46	71.28	-	2.02	226.62	261.87	12.64	59.49
Union Bank of India	1	428.18	270.63	63.20	234.90	86.80	-	-	48.36	169.81	2.38	7.38
Vijaya Bank	14	4968.18	3811.36	76.72	2405.62	63.12	0.98	72.01	1230.22	1287.51	109.84	303.97
Vysya Bank	8	11799.36	4032.79	34.18	2754.40	68.30	0.71	7.59	3611.95	1896.85	100.24	171.59
State Bank of India	8	3675.06	3616.21	98.40	2774.20	76.72	-	9.26	158.55	1553.86	324.16	85.269
State Bank of Mysore	29	26047.00	11238.00	43.15	6370.00	56.68	87.00	-	5396.00	3270.00	741.00	92.00
Central Bank of India	2	258.00	574.00	222.48	411.82	71.75	-	6.00	68.50	410.00	13.00	61.20
Syndicate Bank	3	4131.12	2119.22	51.30	1122.81	52.98	-	5.34	323.99	409.32	67.84	31.90
<b>Total</b>	<b>120</b>	<b>88341.68</b>	<b>53750.69</b>	<b>60.84</b>	<b>38563.89</b>	<b>71.25</b>	<b>208.17</b>	<b>307.67</b>	<b>16013.27</b>	<b>19162.60</b>	<b>3145.71</b>	<b>2571.39</b>
Kolar Gramena Bank	62	20149.00	14944.00	74.17	11161.00	74.69	0.50	119.00	8578.00	7428.00	906.00	1142.00
DCC Bank Kolar	12	8173.61	14698.84	179.83	14550.25	98.99	-	389.55	6324.40	12549.92	32.97	1866.00
Primary Agricultural & Rural Development Banks	11	-	8322.04	-	8322.04	100.00	-	665.76	6657.63	7009.00	-	1331.52
K.S.F.C	1	-	6386.25	-	6386.25	100.00	-	-	-	-	5994.72	684
<b>Gross Total</b>	<b>206</b>	<b>116664.29</b>	<b>98101.82</b>	<b>84.09</b>	<b>78983.43</b>	<b>80.51</b>	<b>208.67</b>	<b>1481.98</b>	<b>37573.27</b>	<b>46149.52</b>	<b>10079.40</b>	<b>6917.75</b>

Source: Lead Bank (Canara Bank) Kolar

### Rural (Grameena) Banks

In accordance with the provisions of Regional Rural Bank Act 1976, with the financial participation of Government of India, State Government and the sponsoring bank at the ratio of 50:35:15 these new breed banks were established all over the country covering one or more revenue districts. The main objective of these agencies was mainly to improve the economic conditions of the rural population especially small and marginal farmers by providing adequate credit needs for agriculture, agro based industries etc.,

As the government felt that the commercial banks could not take up the exclusive responsibilities of rural development, it decided to setup these banks in order to provide the basic facilities for an integrated development of rural area.

Since Canara Bank being the Lead Bank for the district, it sponsored Kolar Grameena bank on 16<sup>th</sup> February 1983; the bank has proved successful in its efforts of achieving integrated development of the district by extending the needed credit facilities to small and marginal farmers and has created new employment opportunities in rural areas. The first branch in the district was opened at Mandikal-A on 17-02-1983, followed by second branch at Mitemari on 21-02-1983. By the end of December 1983, it had in all 30 branches working in the district and they had mobilized a deposit of Rs.85.77 lakhs and had advanced to the tune of Rs.83.31 lakhs. By March 1984, the number of branches had risen to 50 and to 65 by 1985 march.

The table given below indicates the progress of Grameena banks in the Kolar from 1985-86 to 2003-04.

**Table 6.7 : Progress of Rural Banks in the district**

Particulars	Year						
	1985-86	1990-91	1995-96	2000-01	2001-02	2002-03	2003-04
No. of Branches	65	66	66	61	63	62	61
Deposits (Rs. in Lakhs)	529	1,830	5,602	12,880	15,435	17,502	20,149
Advances (Rs. in lakhs)							
Priority Sector Advances	766	2,401	3,617	5,565	7,128	9,266	11,161
Non-Priority Sector Advances	59	252	872	3,038	2,898	3,390	3,783
Total	825	2,653	4,489	8,603	100.26	12,656	14,944

Source: Kolar Grameena Bank, Kolar

**Life Insurance Corporation of India**

As a consequence of the nationalization of Life Insurance business in India, LIC of India came into being in 1956. Prior to this, several Indian and foreign insurance companies were transacting in Life Insurance business in the district, and operating mainly from Bangalore or directly from their Head Offices through agents.

The erstwhile Mysore Government Insurance Department (MGID) founded in 1916, through its 'public branch', was also engaged in Life Insurance business and it merged with LIC in 1956. Prior to this, private insurance companies hardly made any efforts to spread the message of insurance in to the rural areas. The nationalization of Life Insurance business in 1956 has enabled the LIC to take the message to the rural areas also in a large scale. The first office (sub-office) of the LIC in the district was opened in September 1956 at K.G.F. followed by its second sub-office at Chikkaballapur in 1961. Assistant branch manager managed these offices. Besides, the arrangements had been made through some selected post offices and bank branches for the collection of, insurance premiums. In 1967-68, there were 19 development officers of the corporation, in addition, there were 395 active agents who on an average completed the new business of Rs.48,000 each during the year. The number of policies issued during the years (1967-68) was 4,857 covering the business of Rs.1,89,44,450. By 2003-04, the LIC had opened two more branches at Kolar (1980) and at Chintamani (1987), in addition to the earlier opened two branches at KGF and Chikaballapur and there were 38 Development officers. The insurance business done in the district according to branch wise was: Kolar No.of policies 99,906, the sum assured was Rs.114.07 crores, Chikaballapur 90,395, Rs.95.92 crores, K.G.F. 62,772, Rs.59.59 crores, Chintamani 56,577 Rs.71.86 crores.

The branch wise number of new policies issued and the premiums collected during 2003-04 was as follows: Kolar (17,853) Rs. 292.25 lakhs, Chikballapur (17,433) Rs.308.43 lakhs, K.G.F. (9,156), Rs.143.43 lakhs and Chintamani (11,317), Rs.217.48 lakhs: The figures in the bracket indicate the No. of Policies)

**Karnataka Government Insurance Department {KGID}**

The erstwhile Government of princely Mysore started the state sponsored Insurance Department in December 1891, for the benefit of its employees who were getting a monthly salary of Rs.10 and more in the beginning. Subsequently, the Insurance branch was made a separate department. This present state insurance department (KGID) manages Life Insurance business for the state. Government employees and vehicle insurance, (Motor) owned by the state Government and its employees in addition to the vehicles owned by state undertaking corporations.

As a result of decentralization of state insurance business in 1976, the office of the District Insurance Officer was opened at Kolar in July 1976. In 1983, all insurance business of the state Government employees of Kolar District was transferred to District Office. The number of State Government employees covered under KGID in the district was 28,442 in 1995-96, 25,775 in 2000-2001, 24,462 in 2002-03 and in the next years (2003-04) it was 23,763. The annual premium contribution for 1995-96 accounted to Rs.302,26,050, Rs.8,58,01,801 for 2000-2001, Rs.9,67,74,116 for 2002-03, and for the next year 2003-04 it accounted to Rs.9,86,76,031.

KGID also manages 'Family Welfare Funds' of the employees of the local Governments and aided educational institutions of the district and thereby extends social security measures to the employees of these organizations. In this regard, the contributions made by the employees of town/city municipal bodies of the district accounted to Rs.58,232 for 1995-96, Rs.67,072 for 2000-2001, Rs.1,38,045 for 2002-03 and Rs.37,240 for 2003-04 while the contributions made by the employees of the aided educational institutions in the district were reckoned to Rs.2,00,954 (1995-96) Rs.2,89,740 (2000-2001), Rs.3,42, 214 (2002-03) and Rs.2,99,749 (2003-04).

**Coinage and Currency System**

Prior to the introduction of Indian coinage and currency system in the state, all most every kind of coins found in India was found to be in current in the important trade centres of the state like Bangalore and round about. But all accounts were being maintained

only in currencies like Kanthiraya Pagoda, Fanams and *Duddus* which were the 'coins of the region' and the Kanthiraya Pagoda was considered equal to about three rupees while ten Fanams were considered equal to one Kanthiraya Pagoda; a Fanam was being exchanged for 18 *Duddus*. The rate of exchange were being fixed by the officers of the Government generally once in a month. Side by side there was also a coin in circulation called 'star pagoda' (Bhaduri Pagoda) which was equivalent to about four rupees. Tipu during his rule (1782-1799) had also issued his own coins of 16 varieties in different denominations minted in gold, silver, copper etc., known as Sultani Fanams.

The coins issued by Tipu were also in circulation side by side with *kanthiraya pagoda*. But till 1853, the standard coin was the *kanthiraya pagoda* which was a nominal gold coin first issued during the rule of Kanthirava Narasimharaja Wodeyar (1638-1659). It was in 1854 that all coins were withdrawn from circulation and company's rupee currency was introduced.

Under the notification of Government of India issued in 1870, the Indian coinage Act of 1870 was extended to princely Mysore and coins of Government of India were made legal tender in the state. According to another notification issued in 1879, the currency notes of Madras circle were made legal tender in Bangalore while under the Emergency Regulation of 1918, at the close of 1<sup>st</sup> world war, universal currency notes and other currency notes of the Government of India issued within Madras circle were made legal tender in the entire princely Mysore including the Kolar district.

The coins issued by the Government of India used to have the emblem of British rulers inscribed, were made of copper, nickel and silver. The silver coins in circulation were rupee, half rupee (*ardha rupayi*) and quarter rupee (*pavali*). The copper coins in circulation were in the denomination of *kasu* (Pai) *murukasau* (quarter anne) and *ardha anne* (half anne), Nickle coins were also in the denomination of *Chavali* (two annas), *Pavali* (four annas). Even after independence in 1947, the British coinage continued till 1950; then onwards, the new emblem of Government of India (Ashoka Chakra) appeared on the coins and notes (in place of king George VI) and the other side of the coin contained the denomination mentioned both in English and Nagari scripts. The coins of one *anna*, two *anna*, and half *anna*

contained a picture of Nandi on the rear side and paise coin made of copper had an image of flying horse.

In 1957, the decimal coinage system was introduced and accordingly conspicuous changes were made in the coinage system; the rupee was divided into 100 paise; and coins of one rupee and coins of 50,25,10,5, 2 and 1 paise were also introduced. In order to distinguish the paises introduced under decimal system from the earlier *pies*, they were called as *Naya paisa*. Later, in 1964, they were called as *Paisas*.

### CO-OPERATIVE MOVEMENT

A decade earlier to the official launching of co-operative movement within the legal frame work in 1904, in India, the princely Mysore state had the credit of establishing the financial institutions in order to extend financial help to the needy agriculturist at a lower rate of interest known as 'Agricultural Banks' in order to provide the required credit facilities to small and poor cultivators in a simple manner. These financial institutions though organized on the principles of Joint Stock Companies, but adopted co-operative principles in their *modus operandi*.

Based on the model of Government of India's Co-operative Societies Act 1904, the princely Mysore State by enacting Mysore Co-operative Societies Regulation III 1905, also initiated the Co-operative movement in the state. The Mysore Regulation was much wider in scope and progressive in nature, since it had made the provisions for organizing non-agricultural and non credit societies in urban areas, in addition to Primary Agricultural Credit Co-operative Societies in rural areas, where as in the 1904 Act of Government of India, there was no provision for organizing such urban credit societies, in the beginning.

In order to regulate the movement, the appointment of Registrar of Co-operative societies was temporarily made in 1905 and later made permanent in 1912. Earlier to this in 1907, the officials of the Government were deputed to Europe and England for the study of co-operative movement and its adoption in the state. Since its inception, much emphasis was given for the promotion of non-agricultural and non-credit co-operatives in urban areas along with the agricultural credit co-operatives in rural areas. This

resulted in the rapid coverage of the movement both in rural and urban areas. In order to guide and supervise the movement, the services of the retired Government officials of the Revenue Department was availed by the Government, by appointing them as Honorary Supervisors in 1910, and they were paid a daily honorarium of one rupee for their co-operative services in rural areas. This paved the way for the growth of co-operative societies for agricultural credit, non-agricultural and non-credit societies in both rural and urban areas.

In Kolar district, the movement started slowly till 1910-11, gained the momentum during the next five years. The first co-operative society in the district came into being in 1907-08, in the next three years, three more societies were added at the rate of one in each year. By 1910-11 there were only four societies registered in the district. By 1911-12, the number of societies increased to 19; by 1912-13 to 35, 1913-14 to 60, By 1914-15 the number increased to 75, the district had 157 co-operatives in all by 1919-20.

In 1908, Bangalore Central Co-operative Bank was founded so as to enable the member co-operative societies to extend loan facilities to their agriculturist members. Another state level Apex Co-operative body known as Mysore Provincial Co-operative Bank was founded in Bangalore in 1915, thereby the area of operation of the Central Co-operative Bank, Bangalore (1908) confined to the districts of Kolar, Bangalore and Chitradurga only. By 1912-13, in order to have a link and co-ordination between the primary co-operatives and district level lending institutions (Central Banks) the organizations called as 'unions' were organized, and by 1913-14, the state had a good number of such institutions, and the main functions of these unions covering one or two revenue taluks, were to arrange for credit facilities and the supervision of these primary societies. Due to the limited scope and functional aspects they were not up to the expectations, hence they were to be liquidated in course of time.

In 1920, the Government appointed Lallu Bhai Sumal Das Mehta Committee in order to guide the future growth and development of Co-operative movement in the state. According to the recommendations of the Mehta Committee, much emphasis was given to organize

Non-credit Co-operatives especially in backward regions. Since 1925, further, in order to enable the peasants to redeem old debts; the Land Mortgage Banks were organized in co-operative sector, and the Mysore Provincial co-operative Bank established earlier was reorganized and upgraded as state level Apex Co-operative Bank, and in order to propagate and educate the co-operative ideals and principles etc., Mysore provincial publicity co-operative organization was founded. As a result of several rejuvenation programmes co-operative societies were activated and the provincial co-operative publicity society began to function effectively. By 1929, Agricultural credit societies were entrusted with functions like the supply of seeds, fertilizers and agricultural implements etc., in addition to providing agricultural credit.

The world wide economic depression of 1929-30 resulted to in the hindrance of the progress of the movement as a result of falling prices of agricultural produces, the borrower could not repay the loans resulted into mounting overdues of co-operative loans. Some of the societies became defunct; Government took several revival measures as per the recommendations of K.S.Chandrashekar Iyer committee of 1935. The commencement of Second World War in 1939 resulted in bringing rising trend in agricultural produces, which empowered the agriculturist to repay the loans borrowed from societies. This resulted in the overall improvement of economic conditions of primary co-operatives. At the same time promoting consumer co-operatives regulated rising prices.

In order to enable the farmers to redeem the old loans, the first Land Mortgage Bank in the district was established at Gauribidanur in 1933, followed by another in 1934 at Chikballapura, and at Kolar in 1935. The first Non-agricultural credit society in the district was founded in 1934 at KGF. During the year 1936-37, there were 198 co-operative societies in the district with a membership strength of 12,040 and the working capital was Rs.12,61,498. By 1945-56, the number of societies increased to 255 with a membership of 15,608 and working capital of Rs.15,50,749. The volume of transactions effected by the co-operatives was accounted to Rs.84,91,052. The adoption of several innovative programmes and schemes by the popular Governments of Post independece decades facilitated the growth and spread of the

movement. Increased financial participation of the Government in the form of share capital and other financial assistance enabled the co-operatives to have an administrative efficiency with suitable changes in the administrative set-up of the co-operatives. Multi-purpose co-operatives were newly established and the earlier working primary agricultural credit societies were re-organised as multi-purpose co-operatives on priority as per the changed policy of the Government, adopted in 1949. Accordingly, many multi-purpose co-operatives were organized in Kolar district. Much importance was given to the co-operative sector in the successive economic development plans launched in 1951 as such co-operatives like agricultural credit, non-agricultural credit and non-credit co-operatives were encouraged by the incentives of the Government, this resulted into geographical expansion and qualitative improvement in the working of co-operation in the next decades. In order to facilitate the supply of short-term crop loans and medium term loans to agriculturist through the member societies, the District Central Co-operative Bank was founded for the first time, in Kolar by the end of 1954.

Since the adoption of new co-operative policy by the National Development Council, the era of service co-operatives was ushered in from 1959-60, replacing multi-purpose and large sized co-operatives.

By the close of the second five year plan, (31<sup>st</sup> March 1961), the district had in all 707 Co-operative Societies and their distribution was as follows: 31 Large sized primary Co-operatives, 256 service co-operatives, 184 PACS, 10 Land Mortgage Banks, 21 Marketing co-operatives including 11 Taluk Agricultural Produce Co-operative Marketing Societies (TAPCMS); 14 House Building Co-operatives, 6 Grain banks, 63 Non-agricultural credit societies, four Farming Co-operative Societies, two Milk producer Co-operatives, 10 consumers, one DCC Bank and one District Co-operative Union, in addition to 11 Taluk supervising unions, 30 Weavers, Societies and 63 Industrial Co-operative Societies in the district.

In order to have control and to regulate the growing number of co-operative societies, increasing membership and share capital, subsidy by the Government and also increase in the number of societies indulged in misappropriation etc., and also to have

decentralization and efficiency in the administration, the office of the Deputy Registrar of Co-operative Societies (District office) was opened at Kolar in 1967. Earlier to this, Assistant Registrars (ARCS) of Societies was the head of the department in the district. Under the control of the Dy. RCS, two ARCS are working in the district one each for the revenue sub-division i.e., Kolar covering Kolar, Malur, Bangarpet, Mulbagil and Srinivasapura taluks; the Chickballapur Sub-division comprises the taluks namely Chickballapur, Gauribidanur, Gudibande, Bagepalli, Chintamani and Sidlaghatta taluks.

By June 1965, the district had in all 878 co-operatives with a membership strength of 1,90,911 and share capital of Rs.119.17 lakhs. They had a deposit of Rs.40.30 lakhs, Reserve funds of Rs.30.25 lakhs and other reserve of Rs.3.11 lakhs. The total loans and advances made, the loans recovered and the outstanding balance accounted to Rs.153.40 lakhs, Rs.146.19 lakhs and Rs.263.11 lakhs respectively. The particulars of co-operative societies in the district as in June 1971 is appended in the table no.6.8.

**Table No.6.8 : Co-operative Societies in the district (1971)**

(Amount in Lakhs)

Particulars	No. of Societies	Membership (in 000)	Share capital	Deposits	Working Capital	Loans and Advances	Profit earned
Primary Agricultural Cre.Soc.	469	104	36.3	3.00	182.7	54.3	2.2
Primary Land Development Banks	11	35	30.2	-	482.3	86.9	2.5
Non-Agricultural Credit Soc.	58	21	10.8	9.1	40.4	19.5	1.1
House Building Societies	27	10	2.2	-	35.00	-	0.3
Primary Marketing and processing societies	11	9	17.1	-	42.9	-	-
Primary Consumers stores	28	6	1.6	-	3.2	Sales 7.7	0.1
Other Industrial Co-operatives	77	19	6.00	-	33.0	-	-
Farming co-operatives	11	0.3	3.5	-	1.6	-	0.01
Milk supply co-operatives	54	5	2.4	-	7.2	Purchase 17.8	Sales 19.3 Profit 1.1
Sugar Factories	1	5	59.1	-	360.4	0.06 lakh Tons	-

In addition to the above the district had 35 Weavers' co-operative societies with 5,000 members

Source: Karnataka Sahakar Kaipidi 1972, Bharathi Prakashana, Bangalore.

In order to strengthen the weaker societies and make them economically viable units, in 1976, the Government adopted several revival measures like merger, amalgamation of specially primary credit societies which resulted in the decrease in the number of such societies; The encouragement by the Government for organizing Milk Producers Co-operatives in 1975-76, facilitated for the wide spread of Milk Societies and thereby a separate Milk Producers, Union for Kolar District was founded in Kolar in 1987. Earlier to this, Milk Producers' Societies of the district were associated with Bangalore district union. By 1980-81, the district had all together 1,055 Co-operatives, and of them 212 were PACS, 93 Industrial co-operatives and 380 Non-agricultural credit societies and the rest were liquidated. The PACS which was 212 in number, had membership strength of 2.91 lakhs with a share capital of Rs.126.86 lakhs, while, the industrial co-operatives 93 in number had a membership of 1.81 lakhs and a share capital of Rs.13.70 lakhs. In respect of 380 Non-agricultural credit societies, they had a membership of 1.42 lakhs with a share capital of Rs.132.65 lakhs. By 1989-90 the number of societies increased to 1,253 and of them 219 were PACS, 31 Non-agricultural credit societies, 14 Marketing societies, 275 Milk Supply Societies, 35 House Building Societies, and 229 other types of Co-operatives. The total membership of all these societies accounted to 4.45 lakhs. The loans distributed by the PACS accounted to Rs.248 lakhs as short-term loan, and Rs.44 lakhs as Medium term loans. The year 2003-04 accounted to 2,339 societies and the details of them is appended in the following table.

**Table 6.9 : Details of the Co-operatives in the district (2003-04)**

Sl. No.	Co-operatives of Different Categories	Working Societies	Defunct Societies	Liquidated	Total
1)	District Co-operative Union	1	-	-	1
2)	District Co-operative Central Bank	1	-	-	1
3)	Primary Agricultural & Rural Development Banks	10	-	1	11
4)	TAPCMS	11	-	-	11
5)	PACS	164	3	20	187
6)	Silk growers co-operatives	36	1	-	37
7)	Other Credit Societies	9	2	-	11

Sl. No.	Co-operatives of Different Categories	Working Societies	Defunct Societies	Liquidated	Total
8)	Employees Credit Societies	17	-	-	17
9)	Sugar Factories	-	-	1	1
10)	Processing Co-operatives	3	-	2	5
11)	Live Stock Societies	5	3	2	10
12)	Milk producers Co-operatives	1452	26	17	1495
13)	Milk Union	1	-	-	1
14)	Joint Farming Co-operative Societies	1	1	8	10
15)	Lift Irrigation Societies	4	2	-	6
16)	Water Users (Irrigation) Societies	-	103	-	103
17)	Fisheries Co-operatives	13	4	1	18
18)	Weavers Co-operatives	38	4	6	48
19)	Other Industrial Co-operatives	10	5	12	27
20)	Industrial Co-operatives	17	9	18	44
21)	Consumer Co-operatives	37	6	8	51
22)	Central Co-operative Wholesale Store	-	-	1	1
23)	House Building Co-operatives	19	11	12	42
24)	Labourers Co-operatives	4	1	2	7
25)	Multipurpose Co-operatives	12	1	1	14
26)	Students' Consumers Societies	3	-	-	3
27)	Womens' Multipurpose Societies	67	11	6	84
28)	Tailors' Co-operatives	1	-	1	2
29)	Leather Tanners' Co-operative Society	-	-	2	2
30)	Tree Cultivators Co-operatives	17	12	9	38
31)	Washerman Co-operative Societies	2	-	1	3
32)	Wool Weavers Co-operative Societies	6	2	-	8
33)	Other Co-operatives	26	11	3	40

Source : Deputy Registrar, Co-operatives, Kolar

**Table No.6.10 : Progress of Co-operative Societies in Kolar District**

(Amount in Lakhs)

Sl. No.	Particulars	1995-96	Year 2000-01	2002-03
1)	Total number of Co-operative societies (in Nos.)	1760	2155	2295
2)	Membership (in 000s')	583	722	730
3)	Total share capital (Government share (to total share capital)	748.17 314.62	935.94 431.17	1271.12 491.01
4)	Reserve and other Funds	908.10	1117.89	1606.83
5)	Borrowings			
	a) From State Govt.	135.13	187.41	180.71
	b) Central Financing Agencies	6014.18	8344.90	9514.10
	c) Others	310.17	512.12	615.04
6)	Deposits	140.00	227.72	387.85
7)	Working Capital	7918.10	9121.28	9816.55
8)	Loans			
	A) Demand	4415.10	6413.69	5572.57
	B) Collection	2814.12	4133.88	3797.74
	C) Balance	9450.00	10025.95	19343.00
	D) Over dues	3814.90	13833.84	8931.00
9)	Profit	95.10	150.85	171.12
10)	Losses	1025.17	1724.64	1769.14
11)	Purchases	9714.00	16998.00	17516.00
12)	Sales	10012.00	17102.00	17894.00

Source : Deputy Registrar, Co-operatives, Kolar

The total agricultural credit deposited by the co-operatives in the district for 2002-03 was accounted to Rs. 4,316 lakhs (Short term), Rs.897 lakh (Medium term), and Rs.83.65 lakhs as long-term credit; during 2003-04. The respective loans were reckoned to Rs.3,664.45 lakhs Rs. 3.75 lakhs and Rs.158.27 lakhs.

### **“Yashashvini” Co-operative Health Care Scheme for Farmers**

This, novel scheme of farmers' health care introduced by the state government for the members of the co-operatives in the rural areas was launched from first June 2003. This health Security Scheme covers the selected farmer members of the selective co-operative societies. Under the scheme, the member (farmer) has to contribute an annual premium of Rs. 60 to avail the benefits. In the district, at present, 13 Hospitals/Nursing homes have been identified for free health services like out patient treatment, diagnostic facilities including surgical treatment etc. for the beneficiaries. Under this scheme, during 2003-04, in the district, 1,39,610 'Yashasvini' cards were distributed and of them 1,209 farmers availed free surgical treatments, and 3,388 farmer members had availed free out patient treatment services. During the year 2003-04 the number of cards issued under the scheme was 3,280 and the number of persons who availed free surgical treatment facilities was 1,046 and of them 106 were heart operation cases.

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

The District Central Co-operative Banks play an important role in the process of distribution of farm credit. As an Apex Co-operative Bank, having its branches in the taluk centres and other important places in the district. The (PACS) Primary Agricultural Credit Societies working in the district are the member societies of the bank. Among other things, the mobilization of deposits from individuals, institutions and deployment short and medium term credit mainly for agricultural activities are the main functional activities of the bank. With the area of operation confined to district, the bank registered on 24<sup>th</sup> Dec. 1954, commenced functioning from 18<sup>th</sup> Jan. 1955. The first branch of the bank was opened in 1959 at Gauribidanur followed by branches at Bagepalli, Chintamani and Mulabagil in 1962, and at Chikaballapur and Bangarpet in 1963. The branches at Malur and Srinivasapura were opened in 1964, followed by branches at Sidlaghatta and Gudibande

in 1965. The branches at KGF and Kolar were opened in 1968 and in 1975 respectively. By March 2003, the bank had in all 15 branches in the district including three extension counters at APMC Bangarpet (1989), Milk Federation Union at Kolar (1995), and at APMC Chintamani (1996).

Earlier, the DCC Bank used to finance short term loans for agricultural activities through the Primary Credit Societies in the form of crop loan, and medium term loans for activities like purchase of irrigation pumpsets, animal husbandry, sericulture, purchase of bullock carts, sheep rearing etc.,

Since 1998, as directed by the State Government, short-term loans are granted to farmers through 'Kissan Credit Cards' Scheme. Under the Scheme, the individual farmer availing the loan is covered under the Personal Accident Insurance Scheme. Since, the inception of the Scheme, till the end of March 2004; 31,663 Kissan Credit Cards have been distributed to the farmers through member societies. The year wise number of cards distributed during the latest three year was viz., 2001-02 (9,571), 2002-03 (8,649), 2003-04 (5,788). The Medium term loans are also granted by the bank to the main activities like animal husbandry, sheep rearing, sericulture based activities etc., and the eligible farmers are also granted loans for purchase of tractors, vehicles; and cash credit loans to merchants etc., Loans are also granted to the non-agriculturist. Members of the Middle Class families, wage earners, government servants, on the security of gold ornaments, NSC and Salary certificates etc., so as to enable them to protect from ruinous interest rates chargeable by private money lenders during the critical time. Loans are also granted for the construction and purchase of house, in urban centres to enable the houseless to have their own houses. Recently Loans are also granted to the self-help group organizations of women in rural areas, which are playing a significant role for the economic upliftment of poor women. By the march 2004 there were as many as 1,720 Self help groups of women were organized, and of them 691 groups were given the financial help by the bank to the tune of Rs.254.98 lakhs. The number of Self help groups organized and the number of groups linked for financial assistance and the amount of assistance granted is as follows: 2001-02 = 212 groups organized, Number of groups

154, amount Rs. 86.35 lakhs 2002-03, 421; 145, Rs.44.91 lakhs; 2003-04, 689, 78; Rs.31.70 lakhs. The progress of DCC Bank Kolar during the last two decades is appended here

**Table No.6.11 : Progress of DCC Bank, Kolar**

(Amount in Rupees)

Sl. No.	Particulars	Year						
		1980-81	1990-91	1995-96	2000-01	2001-02	2002-03	2003-04
1)	No. of Members :							
	1) Societies	640	680	695	759	767	768	767
	2) Government	1	1	1	1	1	1	1
2)	Total Share Capital	99.26	152.41	228.83	434.73	501.90	523.75	687.59
	Government Share	55.28	55.28	55.28	135.28	135.28	135.28	135.28
3)	Reserve Funds	24.95	63.10	123.18	343.69	491.39	491.39	487.92
4)	Deposits	237.40	966.19	2597.97	6640.06	7179.79	7848.68	7981.71
5)	Borrowings	306.70	629.73	1314.32	6264.56	6962.23	8308.75	8275.94
6)	Loans Distributed (Advances)	505.26	1405.70	2624.46	11087.94	11583.13	14205.54	14868.25
7)	Working Capital	675.10	1811.43	4264.30	13683.04	15135.31	17172.57	18503.17
8)	Profit (+) Loss – during the year	(-)12.64	(-)58.67	(+)25.99	(+)33.68	(+)4.91	(-)626.71	(-)1439.95
9)	Consolidated Profit (+) Loss (-)	-	(-) 71.31	(-)32.68	(+)37.74	(+)41.65	(-)585.06	(-)2066.66
10)	Investments	13.56	640.95	921.53	1069.56	1451.04	1814.04	1788.83

Source : DCC Bank, Kolar

### **Primary Co-operative, Agriculture and Rural Development Banks**

In the erstwhile princely Mysore, in 1929, for the first time Land Mortgage Banks were started in order to provide long-term finance for development of agriculture in the co-operative field. In the beginning, these banks were first experimented in Malnad districts, and then extended to other districts. In Kolar district, these taluk level banks were started first at Gauribidanur in 1933 followed by Chikaballapur (1934), Kolar (1935), Bangarpet and Sidlaghatta (1938) Chintamani, Mulabagilu and Srinivasapura (all in 1940), Bagepalli (1941), and Malur (1945), while Gudibande got

this facility only in 1961. Till 1965, the lending of these banks was mainly confined to repayment of old debts. But subsequently, the changed conditions have compelled them for deployment of credit for developmental activities. Prior to 1965, these institutions were called Land Mortgage Banks, and in 1965 the nomenclature was changed as Primary Land Development Banks, and again in 1985 they were renamed as Primary Co-operative Agriculture and Rural Development Banks. Basically these banks cater the needs of long term finance for development of agricultural activities. However, since 1987, the Non-agricultural activities like rural industries, rural housing, (since 1989) etc., are also financed. The district branch office of the state level organization sanctions Loans for its 11 branches working in the district within its permissible limits. These banks work under the control of State Level Apex organization Table No.6.12. illustrates the progress of these banks for some recent year from 1995-96 to 2002-03.

**Table 6.12 : Progress of PCARD Banks in the district**

(Amount in lakhs)

Sl. No.	Particulars	Year		
		1995-96	2000-01	2002-03
1)	No. of Banks	11	11	11
2)	Membership (in 000s )	51	55	62
3)	Share Capital			
	A) Total	402.00	438.00	441.84
	B) Govt's share	27	27	27
4)	Reserve and other funds	654.15	953.79	1449.99
5)	Working Capital	312.10	495.12	510.15
6)	Deposits	25.00	48.10	51.9
7)	Loans			
	a) Advanced	95.00	106.39	128.00
	b) Loans outstanding	4915.00	6405.32	5666.00
	c) Loans overdue	3470.00	4131.26	3575.00
	d) Loans recovered	214.00	597.01	115.74
8)	Loss	54.00	59.17	60.97

Source: Deputy Registrar of Co-operative Societies, Kolar

**TAPCMS**

The Taluka Agricultural Produce Co-operative Marketing Societies were promoted in order to ensure better and remunerative price for the agricultural produces and also to provide the necessary requisites needed for agricultural operations. In Kolar district, 11 marketing co-operatives are functioning one each for the taluk. These societies undertake the supply of quality seeds, pesticides, chemicals, fertilizers etc., in addition to help the farmers to ensure better and remunerative prices for their produces. They also arrange for linking credit with marketing on the pledge of agricultural produces. They do undertake processing of agricultural produces and act as agents of Government and also undertake the distribution quality consumer goods supply of essential commodities, controlled goods, clothes etc., at competitive prices. Since 1995-96, these marketing societies are being developed under the business development programmes. The table given below No. 6.13 indicates the progress of the TAPCMS of the district for some recent years.

**Table No.6.13 : Progress and TAPCMS in the district**

(Amount in Lakhs)

Sl. No.	Particulars	1995-96	Year 2000-2001	2002-2003
1)	No. of TAPCMS	11	11	11
2)	Membership in (000s')	16	17	21
3)	Share capital	94.00	97.07	118.45
	Government share	71.00	79.00	80.38
4)	Working capital	294.00	381.10	545.46
5)	Reserves and other funds	16.94	41.78	24.10
6)	Borrowings	174.00	190.50	191.60
7)	Sales value of Agricultural Requisites	1610.00	1519.83	128.80
	a) Seeds	6.17	2276.99	2134.10
	b) Fertilizers	84.00	14.09	3125.66
	c) Other goods	11.27	300.22	2814.17
8)	No. of Godowns	42	48	50
9)	Godowns on hire basis	2	4	4
10)	Societies under profit/profit earned	814.16	78.15	517.48
11)	Societies under loss/loss sustained	31.82	41.71	681.27

Source : Deputy Registrar, Co-operatives, Kolar

### Primary Agricultural Credit Societies (PACS)

These co-operatives play a vital role in providing agricultural credit more extensively and effectively at the grassroot level. These societies extend short term loan (crop loan) and medium term loans for agricultural operations and also under take the distribution and supply of improved seeds; chemicals, fertilizers in addition to supply of consumer goods and essential controlled goods like kerosene, sugar, controlled cloth etc., Loans are also granted to rural artisans and craftsmen. They also help to provide better and remunerative prices to agricultural produces. Since 1995-96 these primary societies are being strengthened economically. Under the Business development programme they are strengthened and are being converted into primary co-operative banks and are provided with financial assistance enabling them to have banking counters, safe lockers etc., The table given below 6.14 indicates the progress of these banks.

**Table 6.14 : Progress of PACS in the district**

(Amount in Lakhs)

Sl. No.	Particulars	Year		
		1995-96	2000-2001	2002-2003
1)	No. of PACS	204	204	204
2)	Membership in (000s')			
	a) S.C. Members	27	33	32
	b) S.T. Members	15	17	18
	c) Others	142	149	167
	Total	184	199	217
3)	Share Capital	242.10	398.55	561.24
	Government Share	145.10	171.10	225.64
4)	Loans granted	4016.10	6076.04	9772.00
5)	Loans recovered	2518.12	3536.87	3682.00
6)	Loans due	5112.00	7428.52	13677.00
7)	Loans overdue	2114.00	1441.31	5356.00
8)	Loan Recovery percentage	52.00	58.2	37.68

Source : Deputy Registrar, Co-operatives, Kolar

### Primary Milk Producer's Societies

Among other things, the main objectives of these co-operatives is to provide the necessary infrastructure for the development of dairy industries and to arrange for the collection and sale of milk. During the last three decades, the rapid expansion of these milk societies in the district have made the milk revolution (*Kshirakranti*) a success. The district has a credit of the largest number of milk supply societies in the state.

The District milk union being the association of milk supply societies in the district was formed in 1987 in Kolar. There were in all 1431 milk supply societies were maintained by women in the district and of them 58 milk supply societies were maintained by women. On an average, daily about 5.58 lakh Kg. milk used to be collected from all societies together. The table given below indicates the progress of milk supply societies in the district.

**Table 6.15 : Details of Milk Producer's Society**

(Amount in Lakhs)

Sl. No.	Particulars	Year		
		1995-96	2000-2001	2002-2003
1)	No. of Societies	1012	1322	1431
2)	Total membership (in 000s')	201	258	267
3)	Total share capital	302	391.68	421.2
	Governments' share	200	-	-
4)	Working capital	3078.10	4514.70	4864.26
5)	Reserve and other funds	464	767.10	778.50
6)	Purchases	1614.80	2151.70	2162.75
7)	Sales	1780.18	2675.31	2686.35
8)	Profit	98.05	107.02	108.50

Source : Deputy Registrar, Co-operatives, Kolar

### Non-Agricultural Credit Societies

This category of societies mainly includes Urban co-operative banks and Employees and other credit societies. There are no Urban Banks founded in the district, but there are some employees and other credit societies. These organizations mainly mobilize deposits from the members and deploy money in the form of loans and advances to the members as other banking institutions do. Among the non-agricultural credit societies, the present Town Co-operative Credit Society Bagepalli founded in 1913 is the earliest, followed by Chintamani Town credit societies in 1914. Among the Employees credit societies, the District police employees credit society Kolar 1924, KGF Police credit society 1938 and KGF Town credit society 1934 are prominent. Some details about this category of credit societies in the district is appended in the following table.

**Table 6.16 : Details of Non-Agricultural Credit Societies**

(Amount in Lakhs)

Sl. No.	Particulars	Year		
		1995-96	2000-2001	2002-2003
1)	Number of Non-agricultural credit societies	25	27	27
2)	Membership in (000s')	8	10	11
3)	Share capital	38.14	43.45	43.45
4)	Working capital	256	392.17	414.10
5)	Reserve and other funds	94.15	122.32	132.74
6)	Loans advanced	101	231.26	125.96

Source : Deputy Registrar, Co-operatives, Kolar

### Primary Consumer's Co-operatives

These co-operatives play an important role in the distribution of essential consumers goods at a reasonable price and also help to arrest the rising prices to a certain extent. In Kolar district there

are some primary consumers co-operatives working, and among them, the Government employees Consumers. Society founded in 1947 at Gudibande is the first of its kind. Much emphasis was given for starting of consumer societies during third five-year plan, and as such the number of these societies increased. In 1963, the District co-operative wholesale store was opened in order to supply consumer goods to the retail outlets (now liquidated). Efforts are being made by the Government to make these co-operatives as economically viable units by extending several facilities under the scheme of Business development. The table given below indicates the progress of these societies in the district for some recent years.

**Table 6.17 : Progress of Consumer's Co-operatives in the district**

(Amount in Lakhs)

Sl. No.	Particulars	Year		
		1995-96	2000-2001	2002-2003
1)	No. of Consumer Co-operative Societies	36	43	43
2)	Membership (in 000s')	12	14	14
3)	Share capital	9.14	11.61	11.63
	Governments' Share	2.91	2.91	2.91
4)	Reserve and other funds	5.71	9.60	9.65
5)	Working capital	32.10	38.10	41.39
6)	Purchases	62.00	89.00	87.53
7)	Sales	66.00	98.99	96.26
8)	Profit earned	00.80	1.01	1.12

Source : Deputy Registrar, Co-operatives, Kolar

### **Industrial Co-operatives**

Among other things, the main objectives of these co-operatives include the establishment of cottage and village industries in co-operative sector, to provide financial assistance, supply of raw material, providing technical know how and arrange for the proper marketing facilities for the products etc., The table given here indicates the progress of these societies in the district.

**Table 6.18 : Progress of Industrial Co-operative in the district**

(Amount in Lakhs)

Sl. No.	Particulars	Year		
		1995-96	2000-2001	2002-2003
1)	No. of Societies	36	42	41
2)	Membership (in 000s')	4	5	5
3)	Share Capital	16.5	20.34	20.35
	Government share	5.77	5.77	5.77
4)*	Working capital	94.88	101.98	99.01

**Tree Growers' Co-operatives**

These Co-operatives are specially found in Kolar district. The main objectives of these societies are to grow different kinds of trees in a barren land taken on lease for a short period from the Government so that to rejuvenate the small rural forests which are on the verge of extinction. The development of these type of forest will ensure the protection of environment, to increase level of ground water table, supply of animal fodder, fuel, and to ensure the fertility of the soil by natural means etc. The first two societies of this type were organized on 6-1-1989 at Venkatapur (Chintamani taluk) and Mallenahalli (Sidlaghatta taluk). By the end of March 2004, the district had as many as 38 Tree growers' societies in the district and of them 17 were working successfully as reported. These societies are financially assisted by the National Co-operative Federation of Tree growers located in Anand (Gujarat), which works in collaboration with the Canadian International Development Agency. To guide these organisations properly, there is a regional team leader appointed for the purpose. The office of the organization is situated in Chintamani headed by the senior project executive assisted by expert team, which strives for the success of the project. The team guides the activities of the societies beginning with the formation of co-operative society, identification, and development of fallow land, planting and nurture of plants, protection, trenching, construction of preventive bunds etc., Until now these co-operatives in the district have converted about more than 800 hectares of barren as a greenary forest and there by the forest wealth of

*maidan* region of several crores has become a boom to the people of the region.

### **District Co-operative Union, Kolar**

Since the beginning, the District Co-operative Union is playing a vital role both in the expansion and healthy development of the movement in the district. Among other things, the main objectives of the union include the propagation of co-operative ideologies and principles, guidance in organizing societies, educating the members and management of co-operative bodies etc., After the reorganization of the state, an Apex body, known as Karnataka State Co-operative Federation (*Mahamandal*), Bangalore was reconstituted which is a federal body of District unions. It is the federation, which guides and controls the activities of the District unions.

The Kolar District Co-operative Union with an area of operation covering the entire district was founded in Kolar in 1960. As per the guidance of the state federation (*Mahamandal*), the union does the activities like imparting co-operative education, training, publicity, etc. and strives for the healthy growth of the movement. The union also guides for the establishment of new co-operatives and tries to strengthen all types of co-operatives in the district. The membership of the District union is opened to all co-operative institution of the district. The membership strength of the union by the end of Jan 2005 was 1085. The main sources of income of the union include subscriptions of membership, contributions from co-operative societies, subsidies, rent from assets like buildings, auditorium, and salary grants for staff payable by federation etc.,

### **TRADE AND COMMERCE**

**Course of trade:** In the later part of middle ages, the system of trade was mainly based on the method or *modus operandi* known as 'barter trade' or exchange of goods for goods; The surplus food grains of the place used to be exported to the areas in demand which in turn used to send whatever was required and which was surplus there. In the absence of detailed and authentic old records of those days, it is difficult to assess the extent and trends of trade, which influenced the economic structure of those days. However, it is certain that the imports and exports of commodities did influence the course of trade in those days. There are evidences to show that

trade flourished in those days between Kolar and neighbouring districts even in the absence of good roads and communication. There are historical references indicating that during the time of the Cholas (11<sup>th</sup> century) trade was popular between Kanchipuram and eastern parts of Mysore state. It seems that paddy used to be imported even in those days. The produces were to be exhibited for the sale in Shandies or in local markets. The local requirements were met in the market area and the people used to buy whatever they wanted in exchange with locally produced wares; cash, barter, and auction (bids) were the main methods of trade.

During the Hoysala rule and later on during the Vijayanagara rule, trade continued to flourish. Though the political vicissitudes hampered the free flow of trade to a certain extent, still merchandise were found moving to the principal markets. Packed animals and country carts were the only means of transport. Improved tracks constructed for the movement of the troops were being used for transporting goods from place to place. It is made known that till the rule of Tipu there was no definite trade regulations. Tipu issued several commercial regulations and brought some far-reaching changes in regulating the trade. In the beginning, he was of the opinion that any commercial dealings with foreigners was dangerous as it would amount to disclose some secrets of his administration, and imports and exports trade would hamper the internal economy of the country. Hence, he either discouraged or actually prohibited exports from his dominions, so also imports from outside were totally restricted. Instead, he adopted the dual policy of self-sufficiency and price stability. These measures stimulated local manufacture and production to certain extent.

Tipu, though was a great enemy of the British, he realized the excellence of their commercial methods and insisted that similar ways shall be adopted to protect the internal trade and commerce of his territory. He established a "Royal Board of nine Commissioners of Trade". He had opened several retail out-lets in prominent town centres for the distribution of consumer goods. These out lets were owned by the state. His earlier policy which led prohibition of export and import trades with other countries now underwent a change and realized that export trade would bring more money. However, it is said that his trade regulations were so stipulated that the entire profit derived should be of state monopoly.

After the fall of Tipu, for a considerable period, there was no perceptible improvement in the conditions of trade and commerce. There were vexatious customs duties hampering the growth of trade. As in other parts of the state, in Kolar district also there were many *kattes* or toll-gates, which used to collect several kinds of taxes from the traders; the taxes were viz., local tax, road tax, Mamul tax etc. These tollgates were managed and leased for collection of various taxes by the Government; certain classes of people were exempted from paying toll fully or partially. In the absence of definite policy of the Government to collect tolls, a type of confusion prevailed in the merchant class, sometime, very heavy toll on goods, exploitation by the merchants and the agencies entrusted for collection of toll, and trade monopoly rights and privileges enjoyed by the influential merchants under royal patronage etc., were some of the hindrances for the prospects of trade.

This position continued upto the establishment of British Commissioner's rule in 1831, which took over the administration of princely Mysore. Then began a new phase in the development of trade and commerce. A Commission was set up to suggest ways and means to revive the fallen trade by removal of many abuses prevailing in the old system. Based on the recommendations of the commission all unnecessary imposts were removed. In order to ensure smooth and healthy growth of trade; during the year 1879-80, the *octori* duties were introduced to regulate the flow of trade between the state and the neighbouring areas.

Kolar was one of the centres of trade even in the early years of 19<sup>th</sup> century. The merchants of Sidlaghatta used to visit Mangalore and Nagar for purchase of betelnut, black pepper, and other articles, and used to sell in those areas, the commodities like cotton cloths manufactured and tobacco grown in their neighbourhood. They also traded with Wallajapet in betelnut and black pepper. From Madras (Chennai) they used to bring goods imported by sea. Jaggery and two varieties of sugar manufactured in large quantity from Chikkaballapur, Sidlaghatta and Gudibande taluks were exported to Bellary, Madras and Hyderabad. The other articles of exports from the district included coarse wollen blankets (*kambali*), pottery, raw silk, bangles and *honge seeds* while the main

items of imports included sea salt, pepper, cotton, and silk fabrics, oil, cooking utensils, brass, coir products and the like.

At the close of the 19<sup>th</sup> century, the importance of development of trade and commerce in order to ensure overall economic development of the state was realized by the successive rulers of the state. During the rule of Chamaraja Wodeyar X and Krishnaraja Wodeyar IV, considerable impetus was given to the trade of the state both by the extension of Railways and increase in the mileage of good roads. The Bangalore-Madras broad gauge railway passing through the district was opened for traffic in 1864, and later was added to Bangarpet-Marikuppam line and Metre gauge line passing through Thondebhavi, Gauribidanur and Vidurashwatha in 1899. The Bangalore-Guntakal line was later converted to Broad gauge line in 1983. Another important feature of development of Railways in the district was laying of narrow gauge line between Bangarpet and Chikballapur (through Kolar) by the Kolar district board in 1913 with the help of the state government and the public. Recently, a part of this line, between Bangarpet and Kolar was converted into Broad gauge and Kolar-Chikkaballapur narrow gauge has been temporarily suspended (see also chapter VII).

In the early part of this century, in order to facilitate the expansion of trade and commerce, the Government initiated the measures like conducting market surveys in respect of several items of manufacture, and trade statistics were collected; a good deal of encouragement was given to the manufacturers, merchants and bankers for the promotion of trade and industry in the larger interest of economic development of the state. After the advent of independence in 1947, there has been further and greater encouragement for the all round promotion of industries and trade and special emphasis has been made for export trade. All these promotional measures have opened up new possibilities for trade and industrial growth and have resulted into the growth of imports and exports both within and outside the district as a whole.

### **Imports and Exports**

Generally, the commodities of imports and exports of a particular region are not of permanent nature, as they are

subjected to changes influenced by several factors like changing demand and supply, local production, marketing facilities, industrialization, urbanization, increase in population etc., The places like Chikballapur, Chintamani and Bangarpet have been the wholesale trade centres of the district from the beginning and the large volume of imports and exports trading is being done. The chief commodities traded from these markets are chillies, potato, groundnut, rice, etc., In recent decades the places like Gauribidanur, Malur, Srinivaspura, Kolar and Mulabagilu are also growing as wholesale centres. The table No.6.19 indicates the main imports and exports and three main items manufactured in the district.

### **Agricultural Produce Marketing Committies (APMC)**

Several factors contribute for the development of agriculture, and of them, to provide well-organized and proper marketing facilities for agricultural produces is an important one. Much before the establishment of Regulated Markets, most of the agricultural produces were traded in the local markets or weekly shandies held, directly or through the agents. During the pre-independence days, due to the then prevailing market conditions like absence of institutional credit facilities; non-existence of Regulated markets, Malpractices in weighing and measuring, absence of proper warehousing facilities, absence of proper grading and standardization of produces, unauthorized deductions from agents, etc., were the main hindrances for growers in getting remunerative and better prices for their hard labour, which resulted into economic hardship of agriculturist. In order to protect the farmers from these adverse conditions the then Government of India appointed the Royal Commission on Agriculture in 1927 which emphasized the need for establishment of Regulated Markets in order to improve the economic conditions of the groaning cultivators by means of ensuring better and remunerative price for the produces and to develop infrastructure for good marketing. In order to provide better and remunerative prices to agricultural produces; the erstwhile Mysore State enacted Mysore Agricultural produce Market Act in 1939 for the first time, and was brought into effect with Rules in 1947 which marked the beginning of establishment of Regulated Markets for agricultural produces in the state. The first Regulated market Committee to be established

**Table 6.19 : Main Imports and Exports of Kolar district and three main goods and commodities goods As in 1989-90.**

Sl. No.	Place	3 main Imports				3 main Exports				3 main goods manufactured / produced			
		Groundnut	Sugarcane	Wooden logs	Groundnut oil	Jaggery	Wooden pieces	Groundnut	Steel furniture	Wooden Pieces	Groundnut	Slate and Pencil	Colour
1.	Bagepalli	Groundnut	Sugarcane	Wooden logs	Groundnut oil	Jaggery	Wooden pieces	Groundnut	Steel furniture	Wooden Pieces	Groundnut	Slate and Pencil	Colour
2.	Bangarpet	Foodgrains	Cloth	Groundnut	Jaggery	Groundnut oil	Rice	Groundnut oil	Cement pipes	Colour	Groundnut	Slate and Pencil	Colour
3.	Chikballapur	Foodgrains	Iron & Steel	Cocoons	Silkyarn	Cane Baskets	Steel furnitures	Silk Yarn	Steel furnitures	Cane Baskets	Groundnut	Silk Yarn	Agarbatti
4.	Chintamani	Foodgrains	Foodgrains	Cloths	Groundnut oil	Agarbatti	Mozax Plates	Groundnut Oil	Mozax plates	Agarbatti	Groundnut	Sugar	Steel furnitures
5.	Gauribidanur	Paddy	Groundnut	Sugarcane	Groundnut oil	Sugar	Neemoil	Sugar	Groundnut oil	Steel furnitures	Groundnut	Silk Cloth	-
6.	Gudibande	Foodgrains	Cloth	Fertilizers	Groundnut oil	Silk Sarees	Paddy	Silk Cloth	Groundnut oil	-	Groundnut	Silk Cloth	-
7.	Kolar	Rice	Cloth	Rawsilk	Twisted silk yarn	Alumini utensils	Bangles	Silk thread	Aluminium Utensils	Bangles	Groundnut	Silk Cloth	-
8.	Robertsonpet	Fish	Cloth	Sunpure Oil	Mozaxplates	Polished Black stone	Matchbox	Tamrind Powder	Agarbatti	Candles Vax	Groundnut	Silk Cloth	-
9.	K.G.F.	Foodgrains	Wire twisted ropes	Winder Spare Parts	Gold	Battery Local	Mining Vehicles	Gold	Battery Local	Mining Vehicles	Groundnut	Silk Cloth	-
10.	BEML Nagar	-	-	-	Bulldozers	-	-	Bulldozers and heavy vehicles	Heavy Earth movers	-	Groundnut	Silk Cloth	-
11.	Malur	Foodgrains	Cocoons	Tobacco Powder	Silk yarn	Tiles	Beedi	Raw silk	Beedi	Tiles	Groundnut	Silk Cloth	-
12.	Manchenahalili	Cloth	Sugar	Edible Oil	Jaggery	Cocoon	Paddy	Jaggery	Beedi	-	Groundnut	Silk Cloth	-
13.	Sidlaghatta	Foodgrains	Cocoons	Cloths and matchbox	Silk yarn	Vegetables	Twisted Silk Yarn	Silk Yarn	-	-	Groundnut	Silk Cloth	-
14.	Srinivasapura	Foodgrains	Cocoons	Cashewnut seeds	Cashewnut seeds	Silk yarn	Wood Pieces	Cashewnut seeds	Silk Yarn	Wooden Pieces	Groundnut	Silk Cloth	-

Source: Kolar District Census Hand Book 1991

in the district was at Chintamni in 1954 followed by Chikballapur and Mulabagilu in 1963 and Gauribidanur in the subsequent year (1964).

**Karnataka Agricultural Produce Marketing (Regulation) Act 1966.**

In order to provide more and more better facilities for marketing of agricultural produces; a unified and more comprehensive Act covering the entire state, known as Karnataka Agricultural Produce marketing (Regulation) Act 1966 was enacted and rules there under were made applicable in 1968 and the Act came into force with effect from 1968. The office of the Assistant Director of Agricultural Marketing was established in Kolar in February 1967 in order to control and regulate the functional activities of APMC's.

The department of marketing at the district level, administers the following Acts and Rules there under:

Karnataka APMC Act 1966 and Rules 1968, i.e., Agricultural Produce (Grading and Marketing) Central Act 1937, Karnataka Warehouse Act 1961 and Rules 1969 (issue of license only).

The Act has made a provision for the constitution of Market Committees to supervise the Market functions; the committees comprises of 15 elected members and of them, 11 are agriculturists (with a reservation of one each for SC/ST and women and two for backward class) one each from purchasers, co-operative marketing society, co-operative processing societies, and the department of marketing (Government nominee). The tenure of office of the committee will be for a period of 5 years and the office bearers like President and Vice President will be from agriculturist's constituency only. The main functions of the market committee include to regulate Marketing activities and to provide the facilities like good roads, drinking water, lights, auction yards, canteen, rest house etc., in the market yards. In some selected markets the committee also takes the responsibility for proper grading and classification of agricultural produces.

The main income source of market committee include license and market fees, and all expenses of the committee are met with source of income, license fees is collected from market functionaries associated with the market. The buyers of the

produce has to pay market fees at the rate of one rupee for Rs. 100 worth produce, and on cattle at the rate of rupees two per animal and in respect of sheep and goats market fees is 25 paise per head.

### Regulated Markets

In the year 2003-04 in Kolar district eight main markets and 14 sub-markets were functioning. The details about them is given in table 6.20

**Table 6.20 : Agricultural Produce Marketing Societies of the district**

Sl. No.	Name of the APMC	Year of Establishment	Area of Operation	Sub-markets attached to Main market and year of Establishment
1)	Chintamani	1954	Chintamani taluk	1) Iragumpalli - 1992
2)	Chikaballapur	1967	Chikaballapur Sidlaghatta Bagepalli taluks	1) Sidlaghatta - 1972 2) Bagepalli - 1971 3) Paresandra -1972 4) Chelur - 1972
3)	Mulabagilu	1963	Mulubagilu taluk	1) Tailur - 1991 2) N.Vaddahalli - 2000
4)	Gauribidanur	1964	Gauribidanur taluk Gudibande taluk	1) Gudibande - 1989 2) Manchenahalli -
5)	Bangarpet	1970	Bangarpet taluk	1) KGF - 1991 2) Betamangala -1990
6)	Malur	1978	Malur taluk	-
7)	Kolar	1979	Kolar taluk	-
8)	Srinivasapur	1986	Srinivasapur taluk	1) Gounapalli-1989

Source : District Agricultural Marketing Office, Kolar

**Notified Commodities** : Generally, by conducting the market survey of the agricultural produces grown in the area of the market or the produces being assembled in the market area are declared as

notified commodities of the APMC to be traded in the market. New produces are also brought under regulation from time to time. The notified commodities which are regulated in Kolar district include foodgrains like paddy, Rice, jowar, ragi, wheat, bajra, maize; cereals like Tur, Horsegram, Udid Greengram; Oil seeds like groundnut, sunflower, sesame, niger seed, sunflower, linseed, castor seed; spices like chillies, coriander, pepper; and commercial crops like cotton; vegetables like onion, potato sweet potato, vegetables and fruits and flowers of all varieties, the items like Jaggery, Tamrind, Coconut, Copra, Areca etc., cattle, sheep, goats etc. In all 113 commodities are notified.

The volume and value of transaction effected through the regulated markets of the district during some years in recent decades is are given below in table 6.21 & 6.22.

**Table 6.21 : Transactions of APMC's in Kolar district**

(Amount in crores of Rs.)

Sl. No.	Name of the APMC	Sales Value of Agricultural and Other Produce					
		1990-91	1995-96	2000-01	2001-02	2002-03	2003-04
1)	Chickaballapur	10.98	12.06	14.19	14.25	18.66	28.93
2)	Mulabagilu	2.90	-	5.87	-	7.75	9.36
3)	Gauribidanur	-	14.67	18.89	16.23	20.50	21.80
4)	Bangarpet	14.23	-	50.17	-	110.80	160.59
5)	Malur	5.60	-	16.12	-	230.00	19.13
6)	Srinivasapur	0.26	-	12.03	-	18.18	25.35
7)	Chintamani	17.81	-	-	19.21	23.12	22.54
8)	Kolar	-	-	-	-	39.35	42.29

Source: District Marketing Office of Agricultural produces Kolar

**Table 6.22 : Market Functionaries of all Categories in Kolar district**

Year	Mula bagilu	Chik ballapur	Gauri bidanur	Bangar pet	Malur	Srinivasa pura	Kolar	Chinta mani
1990-91	229	171	414	926	48	-	459	733
1995-96	275	263	497	720	84	108	487	1184
2000-01	280	186	577	726	75	81	827	1047
2002-03	290	173	494	953	195	95	744	1036
2003-04	452	751	124	1019	52	521	1113	931

Source : District Marketing Office Kolar

### **Loan Facilities on Agricultural Produces**

In order to safeguard the farmers from the situations of distress and sales of his produces in the absence of the better and remunerative prices, government has made an arrangement to extend advance credit on the pledge of his produces upto 60% of the value or Rs. 50,000 whichever is less upto maximum period of three months.

This facility has been introduced since 1995. Accordingly, in Kolar district, APMC Chintamani will extend advance credit facilities on the pledge of produces like groundnut, horsegram, ragi, coriander, while in Bangarpet advances are made on the pledge of rice and ragi.

### **Farmers' Accident Benefit Insurance Scheme**

This special accident benefit insurance scheme also known as Sanjeevini Insurance Scheme, covers the farmers and their family members of the age group 18-60. Under the scheme; when an insured is engaged in agricultural operations including marketing activities in the regulated market yards, incase of death due to accident or becomes disabled, such persons covered by the insurance relief ranging from the minimum of Rs.1,500 to maximum of Rs.25,000.

### **Insurance Coverage for Hamals and Weighmen of APMC**

This social security insurance scheme covers some of the market functionaries like *Hamals*, Cartmen and Weighmen between age group 18-60, those who are licensed by the committee. The LIC of India in association with Karnataka Agricultural Marketing Board

**Table 6.23 : Income and Expenditure of the  
Market Committees in the district**

(Amount in lakhs)

Year	APMC Mulabagilu		APMC Chikballapur		APMC Gauribidanur		APMC Bangarpet		APMC Malur		APMC Srinivasapur		APMC Kolar		APMC Chintamani	
	Income	Exp	Income	Exp	Income	Exp	Income	Exp	Income	Exp	Income	Exp	Income	Exp	Income	Exp
1990-91	4.29	2.13	13.11	9.95	7.49	3.71	18.52	8.88	3.70	2.01	3.49	1.83	5.71	3.22	15.34	11.63
1995-96	8.24	3.65	71.29	67.02	16.28	6.91	30.90	20.14	8.62	4.74	7.22	6.93	12.54	5.63	30.77	12.78
2000-01	7.25	7.11	-	-	19.51	8.15	58.29	60.70	17.91	14.92	14.32	8.59	27.84	14.49	31.04	19.51
2002-03	9.05	4.97	25.80	19.11	23.60	14.90	125.99	48.20	25.66	8.99	20.33	10.82	46.77	23.13	41.21	17.62
2003-04	10.38	7.21	25.19	19.14	27.34	22.94	191.05	132.68	24.71	9.54	26.31	12.30	48.05	26.74	39.24	15.46

Source: District Marketing Office, Kolar

implements this scheme. The relief given under the scheme is Rs.25,000 in case of natural death or Rs.50,000 in case of death due to accident.

### **Shandies (Weekly Markets)**

Weekly shandies or Markets (santhe) of olden days are being held even now, as centres of goods transaction. There are examples to indicate that in olden days, the shandies were held as per the orders of the rulers or of the local authorities. There are number of inscriptions found in the district referring the shandies. The Kaiwar inscription of 1362 A.D. makes a mention that during the rule of Kampana, his *Samanth* Rachaiahadeva arranged for a shandi at Kaiwar, in the presence of Merchants like *Nanadesi*, *Ubhaya Nandes*, *gounda* and the public and also appointed the brother of Marappashetty as *pattanasway* in place of Marappashetty and lands below the big tank of the village (*Uoora doddakere*) were donated. Another inscription from Rameshwara of Sidlaghatta taluk dated 1408 A.D. mentions that the *Mahamandaleshwara*, Depanna Wodeyar arranged for a shandi to be held at the open place (*bailu*) of Rameshwara Grama of *sadali nadu* and also granted the permission to collect the taxes like *Raja aya*, *Nada aya*, *Shettara aya* and *Mindagudda ayas* etc., The inscription of Hirannaya palli of Chintamani taluk dated 1423 A.D. makes a mention of endowment of *sante aya* bestowed to the services of Gopinathadevaru of the place, is of significance.

Buchanan refers about a weekly shandi held at Malur in 1800 and details about the goods transacted therein. According to him, the chief commodities traded were provisions, coarse cotton cloths, blankets, *kambalis* articles of iron for country use and the like. In modern days also shandies serve as primary markets for the local products and serve its purpose. In these shandies, large number of local growers, manufacturers, and small traders put up their goods for sale and the local consumers, middlemen and others make the purchases according to their needs. These shandies are specially found useful to small farmers, local artisans and craftsmen and small producers, as ready markets. These markets are found much useful for agricultural labourers, mine workers and others including economically weaker sectors to get their day to day requirements; these weekly markets also attract small number of itinerant

traders; hawkers, peddlers, pavement shop keepers, Foot path sellers, second hand goods dealers etc., who cater to the requirements of people of small income group who are much attracted by the shandies – the details of prominent shandies being held in the district is as follows:

**Kolar taluk:** Kolar (Thursday), Patna (Wednesday), Sugutur (Friday), Kyalanur (Saturday), Mullahalli (Saturday), Vemagal (Wednesday) Madiwala (Friday), Vakkaleri (Tuesday), Narasapur (Sunday and Tambihalli (Monday).

**Bangarpet taluk:** Bangarpet (Friday) Boodikote (Tuesday), Betamangala (Friday), Kyasamballi (Monday), Srinivasasandra (Tuesday), Robertsonpet (Sunday), Sundarpalya (Friday), Guttahalli (Saturday) and Kempapura (Wednesday).

**Chintamani taluk:** Chintamani (Sunday), Battlahalli (Friday), Iragampalli (Thursday), Kaivara (Thursday), Burudugunte (Saturday) and Korla parthi (Wednesday).

**Sidlaghatta taluk:** Sidlaghatta (Monday), Melur (Tuesday), Jangamkote (Thursday), Basettyhalli (Friday), Sadali (Tuesday), Abolodu (Tuesday) and Chimangala (Wednesday).

**Chikballapur taluk:** Chikballapur (Saturday), Peresandra (Monday), Nandi (Thursday).

**Gauribidanur taluk:** Gauribidanur (Sunday), Vatadahosalli (Monday), Thondebhavi (Tuesday), Manchenahalli (Friday) and Darinayakanapalya (Thursday).

**Bagepalli taluk:** Bagepalli (Monday), Yellampalli (Saturday), Billuru (Wednesday), Cheluru (Friday), Puligal (Tuesday), Pathpalaya (Wednesday), Mittemari (Thursday) and Guluru (Tuesday). ○

**Gudibande taluk:** Gudibande (Sunday), Hampasandra (Wednesday), Beechaganahalli (Monday) and Somenahalli (Sunday).

**Malur taluk:** Malur (Wednesday), Tekal (Monday), Chikkatirupati (Saturday), Chikkakunturu (Saturday), Kavalgiriyanahalli (Monday), Masti (Wednesday) and Thoranahalli (Wednesday).

**Mulabagilu Taluk:** Mulabagilu (Tuesday), Thyailuru (Wednesday), Byrakuru (Thursday), Nangali (Saturday), Mallanayakanahalli (Friday), Avani (Thursday), Hebbani (Wednesday).

**Srinivasapur Taluk:** Srinivasapura (Saturday), Rajpalli (Wednesday), Yalduru (Friday), Gownapalli (Tuesday), Somayajala palli (Tuesday), Ronuru (Thursday) and Rayalpadu (Monday). *Source: District Agricultural Produce Marketing Office, Kolar.*

### **Cattle Fairs and Markets**

Generally, every week, on the day of the local Shandy or on some other day a cattle fair takes place. In addition to regular weekly cattle fairs; special fairs are also held on the occasion of local jatras, festivals etc., which enable the trades, merchant to earn good profit. Generally, these special fairs of cattle are held soon after the harvest season or before the commencement of rainy season. Please see the chapter III People, for details about cattle fairs and other fairs.

### **Weights and Measures**

Before the introduction of the Metric system of weights and measures, in the district (1960) the standard *maund* of 40 seers, the seer of 24 *tolas*, and five-seer weight, called as *pancheru* or *visa* were in vogue. Fluids were either measured or weighed according to local practices. Ghee and butter were weighed employing *visa* as unit of weight and oils were measured by means of standard seer as the unit. Petrol and Diesel oil were sold by using gallon as a unit.

Based on the standards of weights and measures Act 1956, (Central Act), The Karnataka Weights and Measures (Enforcement) Act 1958, and rules there under in 1959 were brought into effect in the entire state including Kolar district from 1<sup>st</sup> June 1960. In the beginning, the metric system of weights were made applicable in the district of Bangalore, Raichur and Dharwad and in all Regulated Market areas, industrial and Factory establishments since first of October 1958. Since April 1962, the use of Metric system of weights and measures was made compulsory. In 1976, a separate department for weights and measures was formed, and earlier to this, it was an integral part of the marketing department. In 1990, the department was renamed as Department of Legal Metrology cum Consumer Protection. In order to look after the administration of the department, the office of the Assistant Director of Legal Metrology was opened at Kolar in 1962. Under the control of this district office, office of inspectors of the Legal Metrology was opened at

Kolar in 1962 (Presently covers the taluks of Kolar and Bangarpet) and Chikballapur (presently covers the taluks of Chikaballapur, Gauribidanur, Gudibande and Bagepalli). In 1980, the office opened at Chintamani covers the taluks of Chintamani, Srinivasapura and Mulabagilu. In 1996, the unit for checking of Auto and Taximetres were opened at Kolar (presently covers Malur and Sidlaghatta taluks and covers the entire district in respect of Auto and Taxi meter checking). The main functional activities of the department include checking and stamping of weighing and measuring instruments in the district used by all types of traders, business units, industrial and commercial establishments, petrol bunks etc., There is a unit at Kolar with the jurisdiction of entire district which does checking of Auto and Taxi meters. The table given below indicates the number of business establishment and traders coming under the purview of inspection of the Department for some recent years.

**Table 6.24 : Different Business Establishments in the district**

Sl. No.	Particulars	Year				
		1990-91	1995-96	2000-01	2002-03	2003-04
1.	Industrial Establishments	650	680	600	580	569
2.	Government organizations	25	25	30	30	20
3.	Petrol Pumps	25	28	28	30	20
4.	Traders	11,359	11,464	11,450	11,770	12,593

*Source : Department of Legal Metrology Kolar*

The table 6.25 given herein indicates the number of weights, measures, weighing and measuring instruments examined by the department. The table 6.26 given herein indicates some particulars regarding the collection of service fees for verification and stamping of weighing and measuring instruments, number of cases detected for contravening the provisions of the Act, number cases compounded, fine collected, number of cases settled in the court and fine collected for some recent years.

**Table 6.25 : Progress of Weights and Measures  
Inspection in the district**

Sl. No.	Particulars	Year			
		1999-2000	2000-01	2001-2002	2003-04
1)	Weights	95,164	84,470	90,126	93,447
2)	Measures	23,778	24,526	28,775	26,615
3)	Weighing instruments	21,965	20,333	19,997	19,653
4)	Measuring instruments	447	434	430	356

**Table 6.26 : Revenue Collection of Legal Metrology  
Department in the district**

Sl. No.	Particulars	Year		
		2001-02	2002-03	2003-04
1)	Verification fees (RS)	11,14,685	21,12,970	21,17,631
2)	No. of cases booked for contravening the provision of the Act	1,116	1,114	973
3)	Number of cases compounded	1,090	936	947
4)	Compounded fine (RS)	4,75,305	3,11,975	2,91,750
5)	No. of cases settled in the court	45	35	18
6)	Fines imposed by the Cost (Rs.)	27,300	16,600	16,850

### **Food and Civil Supplies**

Keeping in view of the demand and supply position of essential commodities from time to time, government have taken suitable measures for the distribution of essential commodities. The control on food grains was imposed after the world war second. At the district level, the department of food and civil supplies, under the purview of the Essential Commodities Act 1965, executes as many as 29 regulations formulated both by the Central and State Governments and thereby ensure the proper distribution and control of prices of essential commodities and the implementation of informal rationing system which are the main functions of the department.

**Public Distribution System :** The public distribution system in the state dates back to 1943-44, when the statutory rationing was introduced in Bangalore and KGF in the former Mysore State to meet the II world war scarcity conditions. However, it was discontinued in 1948. Again in 1965, informal rationing system was introduced in Bangalore and other major cities and industrial towns like KGF. In 1978, the informal rationing was extended to all towns with more than 40,000 population. Accordingly, in the district, it was first extended to Kolar town then to towns like Chikkaballapur and Chintamani.

Since 1-11-1985, the State Government has introduced the scheme of distribution of food grains to the rural poor on concessional prices for those whose annual income is less than Rs. 3,500 (now upto Rs.12,000). The beneficiaries coming under the orbit of the scheme include landless agricultural labourers, rural artisans; small and marginal land holders, plantation labourers; physically disabled, and those beneficiaries availing old age and widow pensions etc. These families were served with Green cards, and each green card holder was supplied with 5.kg rice per month at the rate of Rs. 2.50 per kg. and 5 kg. wheat at the rate of Rs. 1.60 per kg. The benefits of this scheme was also extended to poor urban population in places, with less than 20,000 population with effect from 15-08-1989. In order to distinguish between the weaker sections of the rural area with those of others rural poor were given Green Cards and for others, Saffron cards was given (Kesari), and regarding urban poor Green cards and for others General ration cards were issued. The saffron colour card holders of rural area and general card holders of urban areas were entitled for limited supply of essential goods in fixed quantity as per the normal supply prices.

Since first of June 1997, in the state, the target based public distribution system has been adopted and since 1-11-1985 the earlier practice of distribution of food grains at concessional prices was been continued. The urban poor with annual income more than Rs. 17,000 were issued Photo Ration cards, while the rural poor with more than Rs.12,000 annual income were issued saffron (Kesari) colour cards. In case of the rural families with less than Rs.12,000 annual income and Urban poor with less than Rs.17,000 annual income were issued Green/Yellow colour cards (Based on the

economic conditions, families below the poverty line were issued Yellow colour cards replacing the Green card). Under this system each family holding Yellow card is entitled for 28 kg rice (at the rate of Rs.6.15) and 7 kg. wheat (at the rate of Rs.4.65) per month through the fair price shops. According to the revised scheme; with effect from 1-9-2004, each below poverty line family (BPL) is entitled for 20 kg rice (Rs.3 per kg.) and 5 kg. wheat (Rs.3 per kg.) A new scheme of Government of India, known as '*Anthyodaya Anna Yojane*' started in 2001-02 covers only poorest among the poor. Under the scheme, the eligible families are entitled for 29 kg. Rice and 8. kg wheat per month at the concessional rate of Rs.3 for rice and Rs.2 for wheat. In Kolar district, during 2002-03, there were 1,182 Fair price shops and of them 281 were situated in Urban areas, and 901 in rural areas. The total number of ration cards in the district accounted to 5,48,024 and of them 1,16,433 were photo cards, 73,195 of Kesari colour, 3,36,425 Green/Yellow cards and 21,971 *Anthyodaya Cards*. During the succeeding year 2003-04, the total number of Ration shops was 1,211 and the distribution of different colour ration cards were as follows: Photo Cards (1,14,569), Kesari (71,488), Yellow (3,80,956) and *Anthyodaya* 36,320 (Rural 32,142 and Urban 4,178).

### **Ware Houses**

Soon after the harvest, in order to preserve food grains for the future use a number of traditional methods of preservation are employed specially by farmers according to local conditions. The preservation is done in the house known as *kanaja* or underground pit known as *hagevu*. This traditional practice is in vogue since long. This traditional method of preserving foodgrains is found defective and unsafe. In order to overcome these deficiencies the Government thought of introducing scientific methods for proper preservation of food grains by means of giving guidance to farmers and also government itself providing warehousing facilities to the farmers by constructing warehouses for the proper preservation of agricultural produces. During the first and the second five-year plans, both the Central and State Governments accepted the policy of establishment of the Central warehousing and the state warehousing corporations respectively and the warehouses were set-up. In Kolar district, the Karnataka State warehousing corporation has opened warehouses at Chintamani (1959), Bangarpet and Gauribidanur (both in 1969), Mulabagilu (1979). During the year 2003-04, the storage capacity of

these godowns was Chintamani (4,920 MTS), Bangarpet (15,124 MTS.) Gauribidanur (1000 MTS.) and Mulabagilu (1500 MTS). The warehouse at Bangarpet has the facility of connecting the Railway goods shed. The warehousing corporation in addition to providing the storage facilities also extend the services likes disinfestations, to the users, on the basis of warehouse receipts; credit facilities shall be made available through banks.

### **District Consumers' Disputes Redressal Forum**

In the present set up of Marketing, though the consumer is considered as king or supreme due to much complex nature of trade and commercial activities of the present day, he has been subjected to various types of abuses; exploitations, cheating etc., by the traders, Merchants, agencies, Middlemen including the agencies of both the government, semi-government and public utility organizations etc., In order to prevent this unending exploitations of consumers and to create an awareness about his rights and to improve the values of commercial services etc., the central government enacted the Consumer Protection Act 1986 and the same has been implemented in the state. In accordance with the provisions of the Act, the State Government has established the District consumer's forums at each district head quarters. Under the Act, a complaint can be lodged before the District Forum, if the value of goods or services does not exceed Rs.5 lakhs and before the State Forum for the value of goods or services is between Rs.5 to 20 lakhs and to the National Forum at Delhi when it exceeds Rs.20 lakhs. Since December 2002 as per the amendment to the Act, it has been raised from Rs.5 lakhs to Rs.20 lakhs at the District Forum, Rs.20 lakhs to Rs.one crore at the State Forum and amount exceeding one crore to the National Forum. The District Consumer's Disputes Redressal Forum at Kolar was established in 1991. Since its inception, upto the end of March 2005, the number of cases of different nature admitted was 1,470 and the number of cases settled in favour of consumers was 623. From among the cases; the large number reported were pertaining to LIC and General Insurance, Seeds Companies, and the departments like Telecom, Postal Services, Banks, Finance Corporations, Educational Institutions, Medical Services, including the supply of defective goods and such other aspects.

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