

CHAPTER VI

BANKING, TRADE AND COMMERCE

A—BANKING AND FINANCE

NOT much can be gathered about banking facilities in the past except that a fund called the Chavani Fakirappa Fund initiated more than half a century ago ran for some time, and played a fairly important part in the district. Though credit institutions were started in earnest by some well-meaning persons, they went into liquidation soon either for want of patronage or due to mal-administration. People in Raichur still remember the part played by the Chavani Fakirappa Fund which can be said to have laid the foundation for modern banking practices in the district. But the private money-lenders stood in the way of any systematic development of modern ideas; further, the rules and regulations of the Fund were so cumbersome that people preferred to go to the private money-lenders. About forty years ago, several banking institutions emerged to play a fairly positive role in creating public confidence in banking. Amongst these, the Mahalaxmi Deccan Bank, Saraswati Bank, Osmania Aziz Bank and Sharada Banking Company Limited, were the most prominent. But, these did not meet with much success and had to close down.

In earlier decades

Though the Raichur district was rich in trade and commerce, indigenous banking business, however, did not thrive well. Even the Imperial Bank of India had to close down its branch at Raichur. The reason for this could be attributed to lack of clientele, as the banking habit had not grown. It was only later that governmental statutory powers gave a fillip and confidence to the people to deposit money or obtain credit from the banks. It is only during the last two decades and a half that big banking institutions started their branches in the district; these are now playing a useful role in providing a wider base to the economy of the district.

A large number of agriculturists, who are in need of ready money, still go to private money-lenders and get their credit at heavy rates of interest. In 1958-59, there were about 200

licensed money-lenders in Raichur district. At first, the statute governing money-lenders came into force in 1936 when the State stipulated the method of licensing and the rates of interest to be charged. Till the advent of co-operative credit institutions, the old practice of giving loans on securities prevailed to a large extent. The role of co-operative institutions in the field of credit is described later in this chapter. The money-lenders, who do money-lending as a profession, have to obtain a licence from the office of the Deputy Registrar of Co-operative Societies on payment of a required fee. The licensed money-lenders are required by law to maintain regular accounts of the loans paid, the interest charged and the like. All these records have to be kept open for inspection by the authorities concerned. The licences have to be renewed year after year. The antecedents of the person are taken into account before a licence is issued to him.

Scaling down of agricultural indebtedness by various helpful schemes has been the policy of the State Government. The Agriculturists' Debt Relief Act has been responsible for reducing rural indebtedness on an agreed basis between the creditor and debtor. The relief obtained by this measure may not be much, but the psychological feeling it creates in the minds of the rural folk is noteworthy. The rural population is easily susceptible to indebtedness because of the ever-present necessity for cash to buy agricultural implements, manures and other things for cultivation. The age-old custom of obtaining this sort of credit is still in existence in spite of the growth of co-operative societies, land development institutions and banks. This is partly due to the fact that the raiyats have a feeling that loans cannot be got easily through banks or co-operative institutions because of the complicated procedures. Till this is remedied and matters made easy, the reliance on money-lenders cannot be eliminated.

Money-lenders

In the earlier days, people depended very heavily on money-lenders for their credit requirements. These money-lenders dominated the rural sector to such an extent that an impression was created among the people that without the help of money-lenders it was not possible for the agriculturists to carry on their agricultural operations in time. Most of these money-lenders were also traders. People borrowed money from the money-lenders at a high rate of interest. The rate of interest charged often ranged from 18 to 24 per cent. As already stated, there were about 200 money-lenders in the district as at the end of last decade.

Though the Government took necessary steps, from time to time, to regulate the business of money-lending on the one hand, and to provide credit facilities to the raiyats through the co-operative societies on the other hand, money-lenders have success-

fully maintained their hold on the agriculturists, though to a lesser extent than it was a few years ago. "Investigation reveals that the cultivators still cling to the money-lenders, as they require credit every year to defray the expenses on cultivation which the local co-operative society has not been able to meet to an appreciable extent, as it has not been functioning effectively. In these circumstances, the villagers are left with no other alternative than to rely on their old patrons though they have to pay a high rate of interest. Another main difficulty is that the co-operative society does not disburse whatever it sanctions in proper time. The cultivators require money when the agricultural operations are in full swing and if there is any delay on the part of the co-operative society either in the matter of sanctioning the loan or in disbursing it, the very object of the grant of the loan gets defeated. The merchants on the other hand oblige the agriculturists by granting them loan at any time and the cultivators, therefore, do not mind paying a higher rate of interest. The old order thus continues in spite of the fact that the co-operative society is expected to play a more effective role" observes a Village Survey Monograph.* Further, the Monograph says that private agencies continue to play a dominating role in the matter of providing credit facilities. "Out of the total debt incurred by the villagers, a sum of Rs. 53,150 has been borrowed from money-lenders of Gangavati and a sum of Rs. 1,71,907 has been borrowed from other private persons. Thus the loan granted by the private agency constitutes 71.5 per cent of the total amount borrowed, whereas the sum of Rs. 77,490 granted by Government upto 1960 constitutes 24.67 per cent and that granted by co-operative society works out to Rs. 3.9 per cent of the total debt." However, it may be said that much headway has been made in the co-operative field in the district in recent years. There were only 59 registered money-lenders in the district as on 31st March 1968.

The Government of the erstwhile Hyderabad State decided **Sample Survey** to have a thorough enquiry regarding the extent of indebtedness in the State in the year 1937. Mr. S. M. Bharucha, an officer of the Hyderabad Government, who conducted the enquiry, selected some sample villages in every district. The result of the survey disclosed that, on an average, the debt was Rs. 187.50 per *pattedar*, when all the *pattedars* (including those who were not in debt) in the selected villages were taken into account. But, when only those *pattedars* who were in debt were considered, the average debt per *pattedar* stood at about Rs. 391. The burden of debt per acre was about rupees ten whereas the average revenue assessment was less than rupees two (Rs. 1-13-0) per

*Census of India, 1961, Vol. XI, Mysore, Part VI, Village Survey Monographs, No. 10 Yerdona Village, Gangavati taluk, Raichur district, 1966.

acre. The actual incidence of debt worked out to be almost double this amount, as about half the number of *pattedars* included in the survey were non-agriculturists and were free from debt. The burden of interest was very acutely felt. Rates of interest varied according to the status and standing of the borrower and in proportion to the fertility and value of the land owned by the borrower.

Recent developments in the district have added a new dimension to this problem of indebtedness in the rural areas. With the extension of irrigation and other facilities, the need for credit for conversion of dry lands into wet lands and for the purpose of purchasing improved implements and fertilisers, has considerably increased. Consequently, the indebtedness has increased. According to the Yerdona Village Survey Monograph, "231 households or 76.2 per cent of the total number of households have borrowed an amount of Rs. 3,11,777 which on an average worked to Rs. 1,350 per household. The per capita debt comes to Rs. 192."

Regarding the causes of indebtedness, the Survey reveals that about 75 per cent of the total debt incurred was for productive purposes and the rest for unproductive purposes. Among the productive purposes, land development claims the highest share with 56.25 per cent. The particulars are as given below :—

<i>Purpose of debt</i>	<i>Percentage to total debt</i>
Purchase of land	5.20
Housing	2.57
Purchase of livestock or bullock carts	2.20
Purchase of seeds and fertilisers	3.88
Land development	56.25
Industry run by the house-hold	3.54
Business	1.54

Referring to the debt incurred for unproductive purposes the Survey disclosed that a sum of Rs. 31,560 (10.13 per cent) was borrowed for the purpose of marriage by 26 households and a sum of Rs. 46,427 (14.89 per cent) was borrowed by 101 households for 'ordinary wants'. According to the Monograph, "Custom and tradition as well as a sense of prestige are the main factors which drive the people to contract debts for purposes like marriage. With the increase in the educational standard among boys and a rise in the income earned by the households, there is a greater urge for spending larger amount on marriages The fact that 101 households have been

driven to the necessity of borrowing for 'ordinary wants' clearly indicates that their resources are insufficient even to carry on their livelihood. In other words, 1/3 of the total number of households are not able to carry on their livelihood." The Survey has also revealed that the number of households indebted, as well as the average indebtedness in each income group, increases with the rise in income.

The Government of the erstwhile Hyderabad State, realising the seriousness of the problem of rural indebtedness, had taken some remedial measures to alleviate the distress of the agriculturists. It had provided *taccavi* loans for agricultural operations, at a very low rate of interest, about six or six-and-a-half per cent, sometimes even less than that. Loans were provided also for the purchase of seeds and agricultural implements. When the Government realised that the lands of the agriculturists were passing into the hands of the money-lenders, reducing them into agricultural labourers, it adopted a Land Alienation Regulation in 1936. This was first introduced in the two Marathwada districts of Aurangabad and Osmanabad, as an experimental measure, and later it was extended to all the other districts. Further, with a view to relieving the cultivator of the burden of his old debts, a Debt Conciliation Act was passed in 1938. The Act helped the agriculturists in effecting a reduction in their debt, a large part of which, generally, consisted of accumulated interest, through conciliation. Further, the Government promulgated a Money-Lenders Act in 1938, which aimed at checking the various malpractices of the money-lenders. It had fixed the rates of interest for future dealings and enforced compulsory registration and licensing of money-lenders. It had fixed the maximum permissible rate of interest at nine per cent for secured debt and twelve per cent for unsecured debt. According to the Act, every money-lender had to submit a statement, at the end of every year, to each of his debtors showing the amount payable to him, and they were required to issue receipts for the amounts paid by the debtors.

In response to the public demand for a comprehensive and uniform measure applicable to all the districts of the new Mysore State, the Mysore Money-Lenders Act, 1961 (Mysore Act 12 of 1962) and the Mysore Pawn-Brokers Act, 1961 (Mysore Act 13 of 1962), were enacted which came into force in 1965 throughout the State. According to the provisions of this Act, money-lenders and pawn-brokers can run their business only after obtaining the required licences from the authorities concerned. They are required to maintain all the accounts relating to their business and submit returns as prescribed. The Government have fixed the maximum rate of interest permissible at 15 per cent on secured loans and 18 per cent on unsecured loans. The Registrar of Co-operative Societies has been made the *ex-officio* Registrar-

General of Money-Lending, having jurisdiction over the entire State.

Along with these legal measures, a number of positive steps to provide the farmers with various types of easy credit facilities have also been taken. Financial assistance of various types for agricultural purposes has been provided by the Government. Agricultural Credit Societies in the district advanced a sum of Rs. 1,48,50,000 as loans to the farmers in the year 1967-68 (as on June 30, 1968). The Primary Land Development Banks, under various schemes, had advanced a sum of Rs. 2,94,85,666 till the end of June 1969. The State Government distributed a sum of Rs. 41,52,938 in the form of *taccavi* loans during 1966-67, in addition to the loans advanced by the co-operatives and other agencies. Now, the commercial banks are also coming forward with an offer of assistance to agriculturists in a big way. "It is a very encouraging development that the Scheduled Banks in Raichur district have taken, during the last one year, a very active part in providing agricultural finance to cultivators for long-term credit for tractors and agricultural machinery and short-term credit for crop finance. A sum of Rs. 15 lakhs has been advanced to cultivators by the Scheduled Banks in Raichur district and it is expected that the advances till the end of March 1969 will reach 30 lakh rupees. The Banks which have taken the lead in this behalf are the State Bank of Hyderabad, the Syndicate Bank and the Canara Bank" says a note prepared in 1969 by the Deputy Commissioner of Raichur district.

Commercial Banks

The pace of development in the field of commercial banking in the district has been rather slow. The district had only eleven branches of commercial banks in the year 1966 against the State total of 581. As regards the deposits, the commercial banks could mobilise only Rs. 3.48 crores in the district against the total deposits of Rs. 181.74 crores in the State in that year. The share of the district both in respect of branches and in regard to deposits was only 1.9 per cent of the State during that year. The deposits had actually shown a downward trend in 1967. The total in the district stood at only Rs. 3.07 crores with 15 branches whereas the total for the State was Rs. 192.48 crores. However, it had improved its position in regard to the advances. The total amount advanced in the year 1966 was Rs. 0.89 crore whereas it went up to Rs. 1.03 crores in 1967. As at the end of March 1969, there were 18 branches in the district. The total went up to 21 with the opening of three more branches, one each by the Syndicate Bank, Central Bank of India and Canara Bank, at Sindhanur on 11th April 1969, at Sirvar on 31st July 1969 and at Gangavati on 7th August 1969 respectively. The State Bank of Hyderabad, which has nine branches, has the maximum number of branches compared with other banks having branches in the district. Next comes the Syndicate Bank with six bran-

ches. The Canara Bank and the Central Bank of India have two branches each. The banks with one branch each are the Canara Banking Corporation and Vysya Bank. The particulars of the branches and the dates of their opening are as given below:—

1. State Bank of Hyderabad—

(i) Raichur	..	4-12-1944
(ii) Koppal	..	15-1-1945
(iii) Gangavati	..	30-5-1960
(iv) Sindhanur	..	22-7-1963
(v) Lingsugur	..	28-3-1966
(vi) Kushtagi	..	16-5-1966
(vii) Manvi	..	11-12-1967
(viii) Yelburga	..	11-12-1967
(ix) Karatgi	..	28-12-1967

2. Syndicate Bank—

(i) Raichur	..	29-7-1955
(ii) Koppal	..	16-12-1957
(iii) Gangavati	..	2-1-1959
(iv) Jawalgera	..	27-2-1968
(v) Mudgal	..	12-4-1968
(vi) Sindhanur	..	26-4-1969

3. Canara Bank—

(i) Raichur	..	27-10-1958
(ii) Gangavati	..	7-8-1969

4. The Central Bank of India—

(i) Raichur	..	December 1933
(ii) Sirvar	..	31-7-1969

5. The Canara Banking Corporation—

Raichur	..	N.A.
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6. The Vysya Bank—

Raichur	..	1-8-1968
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There is no registered office of any bank in the district. All are branch offices.

The State Bank of Hyderabad was formerly known as the **State Bank of Hyderabad State Bank** which was registered in August 1941. **Hyderabad** It was established to regulate and stabilise the currency of the State, manage the public debt, undertake Government (treasury) transactions, provide facilities for remittances and collections and to encourage agriculture, industry and trade. The bank was renamed as the State Bank of Hyderabad in the year 1956.

The first branch of the bank in the district was opened, in December 1944, at Raichur. The second branch was opened within one and a half months at Koppal in January 1945. The third branch was opened at Munirabad in March 1950, but it was closed in April 1956 after the completion of the dam work there. The next branch was opened after a gap of about 15 years at Gangavati in May 1960. In 1967, three new branches were opened.

The State Bank of Hyderabad has its registered office at Hyderabad. It is a subsidiary bank of the State Bank of India. It has a share capital of Rs. 50 lakhs. Its total number of branches stood at 156 as at the end of 1968. The bank is rendering a great service to the Raichur district by providing all types of banking facilities through its branches in the district. It has been rendering timely assistance to trade and commerce of the region. It has also entered the new field of agriculture and is also helping the small-scale industries units. Its particulars of deposits and advances in the district for three years from 1966 to 1968 are as given below:—

<i>Year</i>	<i>Deposits</i>	<i>Advances</i>
	<i>(Rupees in lakhs)</i>	
1966	230.52	13.40
1967	179.93	21.45
1968	125.15	52.76

Out of the advance of Rs. 52.76 lakhs in the year 1968, a sum of Rs. 11.36 lakhs was for agriculture and an amount of Rs. 38.19 lakhs for trade and business.

Syndicate Bank

The Canara Industrial and Banking Syndicate, now called the Syndicate Bank, was registered in October 1925. The objects of the bank, as stated in the Memorandum of Association of the bank, are "to carry on the business of bankers, commission agents and of merchants and to help cottage industries such as weaving and spinning by supplying yard and cotton at moderate price and keeping for sale commodities which will have a ready sale at any time". To-day, this is considered to be one of the biggest banks in the country with 231 branches as on 10th May 1968. The Pigmy Deposit Scheme introduced with a view to inculcating a habit of thrift and for popularising banking habits among all sections of the society, is a special feature of the bank. This nationalised bank, with its registered office at Manipal in South Kanara district, has six branches in Raichur district, the first branch to be opened being at Raichur on 29th July 1955. The other branches in the district are at Koppal, Gangavati, Jawalgera, Mudgal and Sindhanur. These branches have been

providing all the banking facilities to the people of these important towns and the neighbouring areas. The Syndicate Bank is one of the three banks which have taken the lead in providing finance to agriculture in the district.

The Canara Bank, which is today one of the premier banking institutions in India, was founded in 1906 at Mangalore in South Kanara district, under the name 'The Canara Hindu Permanent Fund Ltd.' "The fund aimed at improving the economic conditions of the people by instilling in them the habit of thrift and saving. Credit was made available to businessmen, while safety was always the paramount consideration.*" There were 343 branches of this bank as on 21st August 1969, and its share capital was Rs. 1.50 crores as on 31st December 1968. Canara Bank

There are two branches of this nationalised bank in Raichur district, one at Raichur and the other at Gangavati. The first branch was opened in October 1958 at Raichur and the second was started at Gangavati in August 1969. The deposits and advances of the bank in the district were Rs. 18 lakhs and Rs. 27 lakhs as on 31st December 1967. The respective figures for 1969 were Rs. 18 lakhs and Rs. 19 lakhs. This bank also has taken a leading part in providing finance for agriculture and small-scale industries in the district. An amount of Rs. 55,000 was provided for agriculture and an amount of Rs. 45,000 was given to small-scale industries as loans as in June 1968. The respective figures for 1969 were Rs. 99,000 and Rs. 11.12 lakhs.

The Central Bank of India is one of the biggest of the nationalised banks in the country. There were in all 503 branches of the bank in the country and its total deposits exceeded Rs. 430 crores as at the end of 1968. The bank was established in the year 1911 with its registered office at Bombay. Among the six banks which have branches in the Raichur district, the Central Bank was the first bank to start its office at Raichur in the year 1933. Its second office in the district was opened at Sirvar on 31st July 1969. These branches are mobilising deposits under different schemes of the bank. Main advances of the bank in the district cover commodities like groundnuts, cotton and oilseeds. Recently, the bank has started providing the agriculturists with credit facilities for agricultural requirements. It is also rendering assistance to small-scale industries. Central Bank of India

The Canara Banking Corporation, which was established in the year 1906 as a *Nidhi* with a capital of Rs. 5,000, has grown into one of the leading commercial banks in the private sector with a paid-up share capital of Rs. 37,50,000. There are in all 77 Canara Banking Corporation

* Diamond Jubilee Souvenir, Canara Bank Ltd.

branches of this with its registered office at Udipi in South Kanara district. The total deposit of the bank stood at Rs. 20.30 crores as at the end of June 1969. The bank accepts deposits under various schemes and provides loans for trade and commerce, agriculture and industry.

This bank has a branch office at Raichur. The main object of this branch is to mobilise public savings and render assistance to trade and commerce. The financial assistance rendered by this bank exceeded Rs. 12 lakhs in the district in the year 1968, while the total deposits stood at Rs. 13.79 lakhs at the end of the year 1968. The advances are mostly against cotton, groundnuts and foodgrains. All normal banking services are rendered by this branch at Raichur. Particulars of deposits mobilised and advances made by the branch in the district for the five years from 1964 to 1968 are as given below:—

<i>Position as on</i>	<i>Deposits</i>	<i>Advances</i>
	<i>(Rupees in lakhs)</i>	
31—12—1964	.. 9.89	12.70
31—12—1965	.. 10.05	6.30
31—12—1966	.. 10.19	7.04
31—12—1967	.. 15.01	10.89
31—12—1968	.. 13.79	13.41

Vysya Bank

The Vysya Bank was established in the year 1930 with a view to providing credit to trade and commerce, particularly to the small traders, and to promoting the habit of thrift among the people by providing them with facilities to keep their savings under various types of deposits offered by the bank. Under its 'Pragathi Deposit Scheme' deposits are collected at the doors of the depositors by the staff of the bank. The bank is also rendering assistance to the agricultural sector. The share capital of the bank is Rs. 20 lakhs while its paid-up capital is Rs. 12 lakhs. The bank has in all 35 branches with its registered office at Bangalore. Its branch at Raichur was opened on 1st August 1968. All types of banking services are rendered at this branch.

Co-operative movement

The beginning of the co-operative movement in the district may be traced back to the early decades of the present century, but it was not until the birth of the Co-operative Bank at Raichur in 1919 that the movement really gained some importance. In 1921, the activities of the Co-operative Department were started in the district of Raichur. The hopes and aspirations of the co-operative movement received a set-back during the world wars, but the movement gained momentum during the successive Five-Year Plans. All the villages of the district have been now

brought under the co-operative fold, covering about 60 per cent of the agricultural families. The movement has helped the farmers to produce more and earn more by providing credit and other requisites, and in securing better prices for their produce by providing marketing facilities. It has helped the consumers in obtaining several of their requirements at fair prices. There are in all 1,338 co-operative institutions of various types in the district. They are :—

1. District Central Co-operative Bank	..	1
2. District Industrial Bank	..	1
3. Primary Land Development Banks	..	9
4. Primary Agricultural Credit Societies	..	634
5. Taluk Marketing Societies	..	9
6. Joint and Collective Farming Societies	..	41
7. Grain Banks	..	383
8. Central Co-operative Wholesale Stores	..	1
9. Consumers Co-operative Societies	..	44
10. Industrial and Handloom Weavers' Societies	..	99
11. District Co-operative Union	..	1
12. Co-operative Spinning Mill	..	1
13. Others	..	114
		Total .. 1,338

The Raichur District Co-operative Central Bank Limited is playing a vital role in supplying credit to agriculturists through the Primary Agricultural Credit Societies in the district. With the rise in the acreage of localised area under different crops and also with the introduction of different programmes like I.A.D.P., I.A.A.P. and H.Y.P. in different taluks of the district, the responsibility of the bank in meeting the credit requirements of the farmers has tremendously increased. The paid-up capital of the bank was of the order of Rs. 5,26,354, the authorised capital being Rs. 15,00,000 during the year 1957-58. An amount of Rs. 32,08,688 was advanced as loans for agricultural purposes through the primary societies during the same year, and it was Rs. 56,68,320 in 1958-59. The paid-up capital went up to Rs. 42,10,000 in 1969 and the authorised capital to Rs. 50,00,000. The working capital of the bank was about Rs. 3,70,22,000 as on 30th June 1969 and the amount of loans advanced as on that date was Rs. 3,48,20,000. The particulars of deposits, advances, borrowings, recoveries, etc., for the years 1968 and 1969 are as follows :—

**Raichur
District
Co-operative
Central Bank**

<i>Particulars</i>	<i>As on</i>		<i>As on</i>	
	<i>30—6—1968</i>	<i>Total</i>	<i>30—6—1969</i>	<i>Total</i>
<i>(Rupees in thousands)</i>				
1. Paid-up Share Capital:				
Societies ..	2,294		2,752	
Government	1,042		1,442	
Individuals	16		16	
		3,352		4,210
2. Reserve Fund:				
Statutory ..	328		358	
Others ..	298		319	
3. Total own funds (1+2)		3,978		4,887
4. Deposits :				
Societies ..	6,286		7,758	
Individuals ..	844		1,633	
Institutions ..	514		585	
		7,644		9,976
5. Borrowings :				
Short-term loans	8,233		10,223	
Medium-term loans ..	725		1,080	
Cash credit ..	3,004		6,337	
Others ..	240		200	
		12,202		17,840
6. Working Capital		23,780		37,022
7. Loans advanced:				
Short-term	13,158		18,304	
Medium-term	47		1,247	
Cash credit ..	12,418		15,092	
Others ..	96		177	
		25,719		34,820
8. Loans recovered:				
Short-term ..	9,137		13,891	
Medium-term	253		217	
Cash credit ..	10,814		11,765	
Others ..	66		128	

Particulars	As on	As on
	30—6—1968	30—6—1969
<i>(Rupees in thousands)</i>		
9. Loans outstanding :		
Short-term ..	13,173	17,546
Medium-term ..	1,477	2,506
Cash credit ..	5,697	9,028
Others ..	160	112
10. Total demands :		
Short-term ..	14,586	20,977
Medium-term ..	715	1,477
Collection :		
Short-term ..	9,137	13,891
Medium-term ..	253	208
Balance :		
(Overdue)		
Short-term ..	5,683	7,086
Medium-term ..	462	1,269
11. Percentage of recovery :		
Short-term ..	63.5 per cent	66.4 per cent
Medium-term ..	36 per cent	14 per cent
12. Percentage of over- due to demand.	36.5 per cent	33.6 per cent
13. Percentage of over- due to outstanding.	43 per cent	40.5 per cent

The Primary Land Development Banks provide long-term loans to the agriculturists. They advance loans for sinking irrigation wells, for improving and levelling of lands, for purchasing irrigation pumpsets, tractors and agricultural implements and for the redemption of old debts. There are nine Primary Land Development Banks functioning in the district. Some of these banks have purchased even tractors. Agriculturists can avail of the services of these tractors paying them the charges. The following statement gives an idea of the progress made in this respect during the period of 11 years from 1957 to 1968 in the district :—

<i>Particulars</i>	1957	1961	1968
Number of Primary Land Development Banks.	1	9	9
Number of members	347	7,575	18,624
	<i>(Rupees in thousands)</i>		
Paid-up share capital	11	109	1,285
Reserve Fund	1	1	33
Deposits	252
Loans (borrowings)	109	326	16,314
Loans issued during the year ..	37	125	9,111
Loans recovered during the year ..	5	5	323
Loans outstanding at the close of the year.	107	327	16,028
Overdues	1	9	187
Working capital	121	436	17,884

The particulars of advances made under different schemes by these banks were, as on 30th June 1969, as given below :—

<i>No. of Banks</i>	<i>Total advances made under</i>			
	<i>General Scheme</i>	<i>Well Scheme</i>	<i>I.P. Set Scheme</i>	<i>A.R.C. Scheme</i>
	Rs.	Rs.	Rs.	Rs.
9 ..	74,42,164	72,80,000	3,45,842	1,44,17,660

The particulars of rates of interest charged and the periods of repayment of loans under different schemes are as given below :—

<i>Schemes</i>	<i>Rate of interest charged</i>	<i>Period of repayment</i>
General Scheme	9 per cent	15 years
Well Scheme	6 to 8 per cent	10 years
I.P. Set Scheme	9 per cent	8 years
A.R.C. Scheme	8½ per cent	10 years

A special scheme of the Agricultural Refinance Corporation **Reclamation** for the reclamation of lands under the Left Bank Canal of the Tungabhadra Project has been sponsored by the State Government through the Primary Land Development Banks of Raichur, Manvi, Sindhanur and Deodurg taluks. The scheme started functioning from the year 1966 and it has been proposed to reclaim 2,00,000 acres at a cost of about Rs. 5,59,00,000 in a period of seven years. The original scale of finance was Rs. 150 per acre if the slope was at 1 per cent and Rs. 250 if the slope was at 2 per cent and Rs. 32 per acre for the removal of *haryali*. The progress of the scheme was slow in the beginning, but it gained momentum in 1967-68. Lack of bullock-power, machine-power, knowledge of scientific methods of land-levelling and low scales of finance were said to be mainly responsible for the slow progress. Later, the scales of finance were revised to Rs. 210 from Rs. 150 and to Rs. 310 from Rs. 250 per acre, depending upon the percentage of slopes.

The Raichur District Industrial Co-operative Bank Ltd., **District Industrial Co-operative Bank** was registered in June 1964. The main objects of the bank are to promote small-scale and cottage industries by providing financial facilities to small industrialists and artisans, to finance industrial co-operatives and to promote thrift, self-help and co-operation, mainly among the artisans and people engaged in cottage and small-scale industries.

The total membership of the bank was 381, including 60 societies, during the year 1964-65 and it went up to 694 during 1967-68. The share capital of the bank, which was only about Rs. 25,910, went up to Rs. 1,09,706 during the same period. While the total amount advanced by the bank during 1964-65 was only Rs. 25,365, it was Rs. 2,24,700 during 1966-67, out of which the co-operative societies received Rs. 34,500. It seems the bank could not function effectively as far as advancing of loans was concerned during 1967-68, because of large overdues. It could advance only about Rs. 6,000 during that year. According to the Fourth Annual Report of the bank (1967-68), an amount of Rs. 3,46,079 was outstanding from the members and co-operative societies, out of which an amount of Rs. 49,075 was due from goldsmiths. The total of overdues was about Rs. 2,25,209. It is learnt that every effort is being made to collect the overdues and to make the bank function more effectively. The total deposits of the bank stood at about Rs. 69,000 during the year 1967-68.

The Primary Agricultural Credit Societies are playing a very **Agricultural Credit Societies** important role in spreading the message of the co-operative movement in the rural areas, conferring several benefits on the members of these societies. They constitute the bulk of the co-operative credit institutions in the district with 634 societies.

Short-term and medium-term loans are advanced to the members of these societies for agricultural purposes. Credit facilities are provided to the farmer both in cash and kind. They also supply improved seeds, fertilisers, etc. The progress in this field has been encouraging. There were about 500 societies in 1957 and the number went up to 634 by the year 1968. There has been about a four-fold rise in the membership of these institutions during the same period, with 85,805 members as at the end of June 1968. The working capital of the societies had gone up from Rs. 28,01,000 in 1957 to Rs. 2,24,68,000 in 1968 and the amount of loans advanced had risen to the level of Rs. 1,48,50,000 from Rs. 15,76,000. The following particulars relating to these societies for the years 1957 and 1968 will reveal the progress achieved in this respect in the district :—

Particulars	As on	
	30-6-1968	30-6-1969
No. of societies ..	501	634
No. of members ..	23,091	85,805
	(Rs. in thousands)	
Paid-up share capital ..	444	4,557
Reserve and other funds ..	353	1,888
Working capital ..	2,801	22,468
Deposits ..	505	370
Borrowings ..	1,499	15,653
Loans advanced during the year.	1,576	14,850
Loans recovered ..	634	9,666
Loans outstanding at the end of the year.	1,613	15,935
Sales	13,600
Total profit earned ..	47	357

A programme has been chalked out with a view to making all the societies viable by a process of amalgamation and by liquidating such of the societies as are in a very bad shape.

Farming Societies

There were, in all, 41 Farming Societies in the district with a total membership of 929 as on 30th June 1968. The working capital of these societies was Rs. 12,47,000 with a share capital of Rs. 1,29,000. They borrowed loans to the tune of Rs. 11,01,000 and had cultivated about 345 acres of land.

Land Development Societies

To hasten the land development work in the ayacut area of the Tungabhadra Project, the Government has been encouraging the farmers to use agricultural machineries on a large scale, especially the tractors. Two Co-operative Land Development

Societies have come into existence in the district—one at Manvi and the other at Sindhanur. The Sindhanur Land Development Co-operative Society owns 22 tractors and the Manvi Society owns 19 tractors. Apart from these tractors, other agricultural implements are also being made available to the farmers on hire (See Chapter IV).

There are nine Taluk Agricultural Produce Co-operative Marketing Societies in the district. Suitable marketing and storage facilities are provided to the producers by these societies. They also supply fertilisers, improved seeds, insecticides and controlled goods and consumer articles. Besides, they are also functioning as agents of Government for purchasing agricultural produce.

The business of the Marketing Societies has increased considerably during the last decade. While the total purchases by these societies were to the tune of Rs. 10,91,000 in 1957, the corresponding figure for 1967-68 was Rs. 1,75,98,000. The sales went up from Rs. 7,82,000 to Rs. 1,60,97,000, during the same period. The following comparative figures for 1957 and 1968 indicate the progress achieved by the marketing societies in the district :—

<i>Particulars</i>	1957	1968
	<i>(Rupees in thousands)</i>	
Paid-up share capital ..	267	2,851
Working capital ..	924	8,639
Borrowings ..	208	4,629
Loans advanced ..	89	638
Goods purchased ..	1,091	17,598
Goods sold ..	782	16,097
Profit earned ..	16	602

There are in all 242 retail sales points in the district. Ten to fifteen retail sales points have been selected in every taluk, depending upon the area under demand for fertilisers, for intensive distribution work. The District Co-operative Central Bank provides cash credit loans to the primary societies so as to enable them to store enough fertilisers.

The quantity of fertilisers distributed and their value are shown below :—

Year	Quantity distri- buted (in tons)	Value (in lakhs of rupees)
1966-67	.. 17,087	90.5
1967-68	.. 19,951	145.07
1968-69	.. 16,082	97.77

The Marketing Societies and the Primary Societies are also helping the cultivators to increase their agricultural production by supplying improved seeds and insecticides to them. During the year 1967-68, 2,127 quintals of improved seeds of the value of Rs. 3.34 lakhs were distributed. The Marketing Societies came forward to provide incentives to the farmers by offering prices higher than the prevailing market price. They have purchased *Chote Lerma* and *Safed Lerma* Mexican wheat seeds to the extent of 1,100 quintals and Hampi cotton seeds to the tune of 2,000 quintals for distribution among the farmers for sowing purposes during the Rabi season of 1969-70.

Construction of godowns

The Marketing Societies and the Primary Societies require a large number of godowns to store agricultural produce and agricultural inputs like fertilisers, seeds, insecticides, etc; 86 godowns were sanctioned involving an amount of Rs. 10.76 lakhs. Out of these 86 godowns, 60 have already been completed and 18 are under construction. In addition to these 86 godowns, 15 more have been sanctioned recently. In view of the inadequate storage accommodation in the district, a special scheme for the construction of godowns is being prepared by the Marketing Societies at an estimated cost of Rs. 75 lakhs. It is proposed to secure assistance from the Agricultural Refinance Corporation for this purpose.

Five rice mills have been sanctioned to the district, out of which three have already been completed and commissioned. The work in respect of the rice mills of the Taluk Agricultural Produce Co-operative Marketing Societies of Manvi and Sindhanur is fast progressing. An amount of Rs. 2.50 lakhs has been sanctioned for modernisation of rice mills in the district. The Raichur Taluk Agricultural Produce Co-operative Marketing Society has installed 20 gins with the financial assistance of Rs. 1.50 lakhs sanctioned by the Government. It is proposed to set up a cotton pressing unit at Raichur at an estimated cost of Rs. 4 lakhs. A unit for the manufacture of agricultural

implements is also to be set up at Raichur by the society, for which Government has already sanctioned Rs. 29,770.

In view of the great increase in area under irrigation in the district, there is a considerable need for a granular plant. Necessary steps have already been taken to establish a plant in the co-operative sector at an estimated cost of Rs. 21 lakhs. The first instalment of Rs. 8.25 lakhs has already been released. The mixture of fertilisers in the form of granules, which are easily absorbed by the soil, would help in obtaining better yields. The other processing units proposed to be established in the co-operative sector are :

- (1) A Vanaspati Plant at Raichur
- (2) Wheat Roller Floor Mill at Raichur
- (3) A Solvent Extraction Plant
- (4) A Cotton-Ginning Unit at Sindhanur
- (5) A Cattle Feed Manufacturing Unit at Raichur.

A Co-operative Spinning Mill is being set up at Raichur with a licensed capacity of 12,000 spindles (See Chapter V).

There are in all about 30 Non-Agricultural Credit Societies, including 11 Urban Co-operative Banks, in the district. The following figures reveal the comparative position of these institutions as on 30th June 1957 and 30th June 1968 :—

**Non-
Agricultural
Credit
Societies**

Particulars	As on 30th June	
	1957	1968
	(Rupees in thousands)	
No. of societies including Urban Banks.	25	31
No. of members ..	2,868	3,433
Paid-up share capital ..	74	111
Reserves ..	138	147
Working capital ..	301	338
Deposits ..	85	103
Borrowings ..	4	27
Loans issued ..	30	103
Profit ..	9	21

The Urban Co-operative Banks accept all kinds of deposits; they advance loans on personal and mortgage securities, cash credit loans, loans on goods and ornaments, etc.

**Consumers'
Co-operative
Societies**

There are, in all, 44 Primary Consumers' Co-operative Societies in the district and also a Wholesale Stores at Raichur. These societies have helped to check the rise in prices of consumer articles. Out of the 44 societies, 21 have been assisted with share capital contributions and managerial subsidies. The particulars of these 44 societies and the Central Co-operative Wholesale Stores, Raichur, relating to the years 1957 and 1968, are as given below :—

<i>Particulars</i>	1957	1968
No. of societies ..	2	45
No. of members ..	392	11,110
<i>(Rupees in thousands)</i>		
Paid-up share capital ..	24	589
Reserves ..	15	80
Working capital ..	55	2,632
Purchases ..	126	9,437
Sales ..	146	8,681
Profit earned ..	5	92

**Housing
Societies**

There are 27 Housing Co-operative Societies in the district (including nine Co-operative Housing Societies for the Scheduled Castes and Scheduled Tribes). A picture of the progress achieved in this field can be had from the following comparative figures for 1957 and 1968 :—

<i>Particulars</i>	1957	1968
No. of societies ..	4	27
No. of members ..	354	6,851
<i>(Rupees in thousands)</i>		
Paid-up share capital ..	8	335
Reserves ..	1	21
Working capital ..	12	1,698
Loans advanced ..	3	640

Life Insurance

Before the Life Insurance Corporation of India came into being under a Central statute, the business of insurance was being conducted in the district by agents of private insurance companies with their head offices at Hyderabad and Bombay. After the nationalisation of the Insurance Companies, a sub-office of the Insurance Corporation was established in Raichur and started functioning from September 1956. The sub-office is under an Assistant Branch Manager. There were then two field officers who were assisted by fifty active agents. Since the establishment of the sub-office, a considerable headway has been made. The sub-office started with 77 policies with an assured sum of Rs. 20,050. In 1958, there were 444 policies with an assured sum of Rs. 18,24,500.

It is the policy of the Life Insurance Corporation to pay more attention to the rural areas where the idea of insurance has yet to take root firmly. The field officers have been asked to persuade the villagers to set apart a portion of their income to get a policy as a protection for future contingencies. There are 10 Development Officers and a complement of 215 active agents representing the field force in the district and the progress in the field has been considerable. The assured amount, which was Rs. 68.83 lakhs during 1963-64, went up to Rs. 100.74 lakhs during 1967-68. The year-wise particulars are as given below :—

<i>Year</i>	<i>Sum assured</i>		
	<i>(Rupees in lakhs)</i>		
1963-64	68.83
1964-65	72.19
1965-66	101.83
1966-67	102.39
1967-68	100.74

The Life Insurance Corporation entered also the field of general insurance business in the year 1964. Mainly, it covers insurance on motor vehicles in the district. It also covers fire, accident, etc.

Small Savings Scheme

The Small Savings Scheme has made considerable progress in the district. The importance of this scheme as a means of capital formation and as an anti-inflationary measure is being realised more and more. The district exceeded the targets, both in respect of gross and net collections, under this scheme during the year 1964-65, and during 1968-69, the targets were exceeded in respect of Cumulative Time Deposit and Post Office Savings

Bank Accounts. The gross collection was Rs. 24,57,100 against the target of Rs. 22 lakhs and the net collection was Rs. 11,21,700 against the target of Rs. 10 lakhs in 1964-65. The number of accounts opened under the Cumulative Time Deposit Scheme in 1968-69 was 1,077, which was in far excess of the target of 500. The gross collection went up to Rs. 41,70,553 and the net collection to Rs. 15,19,973 in the year 1968-69. In all 1,189 Cumulative Time Deposit Accounts, 2,262 Post Office Savings Bank Accounts and 1,133 Five-Year Fixed Deposit Accounts were opened during 1968-69. The year-wise particulars for the last five years are as given below :—

<i>Year</i>		<i>Target</i>	<i>Achievement</i>
1964-65—			
	Gross ..	22,00,000	24,57,100
	Net ..	10,00,000	11,21,700
	No. of C.T.D. Accounts ..	500	1,077
1965-66—			
	Gross ..	28,00,000	29,13,647
	Net ..	14,00,000	11,62,670
	No. of C.T.D. Accounts ..	3,500	2,059
1966-67—			
	Gross ..	30,00,000	30,94,348
	Net ..	15,00,000	8,59,967
	No. of C.T.D. Accounts ..	2,500	1,247
1967-68—			
	Gross ..	30,00,000	33,40,456
	Net ..	15,00,000	4,84,335
	No. of C.T.D. Accounts ..	1,100	1,112
1968-69—			
	Gross—(Revised to 100 lakhs)	30,00,000	41,70,553
	Net—(Revised to 50 lakhs) ..	15,00,000	15,19,973
	No. of C.T.D. Accounts ..	1,100	1,189
	No. of P.O.S.B. Accounts ..	2,000	2,262
	No. of Five-Year Fixed Deposit Accounts	1,133

Currency and
Coinage

The old Hyderabad State had a full-fledged currency system of its own called the Osmania Sicca currency (O.S.). A mint was established at Hyderabad for the manufacture of coins for

circulation. All the currency notes of the State were, however, printed at the Government Security Printing Press, Nasik, with the exception of one-rupee notes, which were printed at the Government Press at Hyderabad. The denominations of coins in the old Hyderabad State were one rupee, eight annas (half a rupee), four annas (one-fourth of a rupee), two annas (one-eighth of a rupee), one anna (one-sixteenth of a rupee) and one paisa (six paisas=one anna). The denominations in currency notes were of one, five, ten, hundred, five hundred, thousand, and ten thousand rupees.

The exchange rate between the Hyderabad State currency and that of Indian Government currency was fixed at one hundred Indian rupees as equivalent to rupees one hundred and sixteen, ten annas and eight pies of that of Hyderabad. In the interest of uniformity in the currency system of India, the Hyderabad State currency was gradually withdrawn from circulation and later demonetised completely. The Hyderabad Government currency notes and coins ceased to be legal tender in 1955. Conversion was, however, allowed at banks and treasuries upto 31st March 1956. The decimal system was introduced in the district along with the rest of the country from 1st July 1957.

B—TRADE AND COMMERCE

Before the advent of the modern era, a barter system was followed to some extent. Mainly, agricultural commodities grown in a particular area were given in exchange for other requisites. This gave an impetus to send surplus agricultural produce to places outside the district, making use of country carts. Communications were undeveloped in those days and what existed as roads connecting important places were made use of for purposes of trade. The rural producers, who were in the habit of growing just what they needed, slowly transcended the stage of self-sufficiency and found out new avenues by which they could barter their goods or sell them for value. The Bahmani rulers who held sway in Raichur helped to develop certain cottage industries and made their products popular elsewhere. Fine muslin fabrics found their way to other places in South India. The Deccan area, which included Raichur, had connections with the west coast ports and the large rivers were forded during off-monsoon days. The surplus produce was sent far beyond the confines of the district and naturally, the producers had to wait for days to get their returns. It was indeed a gamble in trade in those days. Trade was confined only to certain classes of goods, as the needs of the people were limited to the necessaries of life. The wants were locally satisfied and as the villages were self-sufficient, the people did not care much for imports and exports. The outward trade was confined only to surplus products.

The introduction of railway routes in the latter part of the nineteenth century opened up vast opportunities for trade and commerce. Surplus agricultural produce like cotton, jowar, oil-seeds and cash crops found their way to the north and finished goods like cloth, *kirana* goods and the like flowed into the district. A stage was reached when it was necessary to regulate this in and out flow of trade through markets which have shaped themselves into modern clearance houses of commerce. Raichur became a place of congregation for buying and selling any kind of article, agricultural or otherwise, and soon became a trading centre. All the pre-requisites of a daily bazaar or weekly bazaar, *mela* or annual fair, *monda* or auctioning market place, and *guni* or general market or grain market developed in the district.

Exports and Imports

The important commodities which are now exported from Raichur district are cotton, oil-seeds, groundnut oil, pulses and cereals. As there are no textile mills in the district, all the cotton is pressed into bales and exported to Sholapur, Coimbatore, Bombay and other cities. It is estimated that approximately 85,000 bales of kapas are pressed and exported in a year. Groundnut oil is exported to Poona, Bombay and other places. The Koppal area is the main groundnut growing region and the Koppal town is a trading centre. About thirty per cent of the groundnut is crushed and the oil is exported to the northern areas. Oil-seeds are exported to Gadag and Bijapur. Raw hides and skins go to Hospet and Gadag. Raw wool is exported to Wadi and Hulkoti. The surplus jowar is also exported to places outside the district. The other items of exports are rice, ghee, castor seeds, horns and hooves of animals, salt, *karad* oil and other minor items.

The imports relate to cotton yarn for handlooms, silk yarn, artificial silk yarn, leather, blankets, tobacco, beedi leaves, timber, vanaspati, coconuts, jaggery, pulses and cereals. The district depends, to a large extent, on imports arranged by wholesalers in respect of its daily needs. The volume and value of exports and imports cannot be estimated correctly as there is no centralised system in existence to work out these figures. It is only in the regulated markets that some idea can be gained of the extent of trade and an account of this is given in the course of this chapter.

Raichur is the principal trade centre in the district and has a modern market yard called the *gunj*, where there is a statutory supervision over trade. Koppal is another trade centre for cotton, groundnut, jowar, tamarind, chillies and hand-loom fabrics. Gangavati is an important trading centre for groundnut, paddy, jowar, jaggery, castor seed, bajra and *kangani*. The other centres are Kushtagi, Yelburga, Kuknur, Kinhal, Sindhanur, Manvi, Lingsugur, Tawargera, Mudgal, Maski, Deodurg, Hanamsagar and Jalhalli. There are four regulated markets in the district,

located at Raichur, Koppal, Gangavati and Kushtagi. There are also five sub-markets which are located at Kanakgiri, Bhanapur, Kinhal, Ginigera and Bevoor.

Fairs, *melās* and shandies are held in several places all over the district, when trade is carried on in an unregulated way. The Adaviraya Jatra at Kushtagi on Vyasa Poornima day is an important trade fair. The *urus* of Shah Hamid Wali at Tawargera is another notable fair. The fairs at Ningalbanda, Dotihal and Mundnur are also important from this point of view. There are also some important *melas* held annually in Gangavati taluk. Important weekly shandies are held on particular days of the week in about 70 villages like Kinhal, Hittanhal, Gondbal, Munirabad, Bhagyanagar, Ginigera, Hanamsagar, Harinamapur, Tawargera, Venkakunta, Dotihal, Kurdi and Mundnur in the district. Besides these places of trade, each urban area has got a wholesale *mandi*, a retail bazaar and small shops where the daily needs of the citizens are met. (See also Appendix for shandies).

Fairs and Melas

A brief account of the conditions that existed at Raichur prior to the starting of the market yard may not be out of place here. The whole of the present Kirana Bazaar lane and the Nalband lane in the vicinity of Somwarpet was converted into a shopping centre, where the *adatiyas* (commission agents) and the buyers gathered to transact business. Throughout the day, these bazaars remained busy and congested, with the result that normal life became difficult. The bazaar was full of carts and other vehicles and pedestrians. As the sellers sold their commodities at different points, prospective buyers had no chance of prior inspection. The traders exacted a portion of the commodities particularly groundnut, free of cost, for sample inspection. It was the usual practice with the *adatiyas* to fill in a greater quantity than the actual weight and over and above the usual allowance in every bag. But generally the *adatiya* took out this extra quantity for himself and kept the bags ready for delivery after adjusting them. The loss to the seller was to the tune of six seers in a palla of 120 seers on an average. Equally exacting was the allowance on cotton. The tare weight of the wrapping of cotton was most arbitrarily deducted from the net weight in spite of the fact that the wrapping itself was obtained by the buyer free of cost.

Incidental charges also varied from transaction to transaction. Added to all these shortcomings, the daily transactions in the old days were taking place in the Indian currency, whereas the producers had to pay the land revenue in the Osmania currency. The *adatiyas*, who acted as middlemen, profited much by these variations in the exchange rate. Defective weights and measures, giving of samples free of cost, unwarranted and undefined market charges, adjustment of sale proceeds towards

the past debts and the general collusion of commission agents with the buyers adversely affected the interests of the producers in the Raichur market. To save the agriculturists from the clutches of this exploitation, the Government of Hyderabad made the Hyderabad Agricultural Markets Act applicable to Raichur in 1934. From that date, a new era dawned and the sellers had a fair chance of getting a reasonable return for their produce.

**Establishment
of Gunjs**

The development of trading centres resulted in the setting up of general markets (called *gunj*) at important places in the district, and in Raichur town the establishment of a market yard, called the Mukarram Gunj, was a milestone in the progress of trade and commerce. A *gunj* is a large market with godown facilities, shopfronts and offices, where wholesale business in grains, pulses, oilseeds, etc., is carried on all the year round. It is generally square-shaped, each side of the quadrangle having a gateway. A wide pavement of bricks or stones in front of the shop-rows provides easy means for transporting, unloading, sampling, cleaning and weighing of commodities. Facilities are provided within the quadrangle of the *gunj* for water for men and animals.

The development of the Mukarram Gunj between the years 1934 and 1940 helped towards the growth of regulated trade. The *gunj* has two distinct sections, one for cotton and the other for grains. The grain market is rectangular in shape and consists of blocks. The market place is divided into four quarters by two main roads, 80 feet wide, cutting each other at right angles in the middle of the market. At the cutting of these roads, is located the Market Committee office. Each quarter of the market has three blocks of shops and godowns. Each block contains rows of shops with a platform for the handling of produce. Behind the shops, there are godowns for storage of grains. The size of each godown is 20 by 60 feet. Separate godowns have been allotted for cotton. The godowns, stores and shops are all well built. Electric lights, water taps and troughs, 'cooly' sheds, watchmen's quarters and lavatory have also been provided.

**Raichur
Market
Committee**

The Market Committee, Raichur, having assumed control of the market, realised that it was not possible to exercise supervision over the transactions of traders unless a regular market yard (*gunj*) was established. Therefore, a proposal in this behalf was actively pursued with the co-operation of the Municipal Committee. Alongside, the traders were registered and bound by the conditions of the agreement prescribed, and other market functionaries were licensed. There was no Weights and Measures Act in force, and the only medium for the supply of weights and measures was a contractor who enjoyed the exclusive privilege. The weights and measures were not reliable, and were

often adjustable to the advantage of the traders. The Market Committee, therefore, ordered for a standard balance to test the unit of weights. The unit of weight (*tola*) being fixed with the help of this machine, larger standard weights were prepared to check the weights used by the traders. Due to non-availability of new weights made of iron, or rather due to the opposition of traders to buy such weights, the stone weights in use were tested and corrected and punched to represent their intrinsic weights. The measures in the market were checked and certified for uniformity. A Market Superintendent and a clerk with peons were employed for the day-to-day administration and supervision of the market.

By 1937, the construction of the *gunj* with the grain and cotton markets and office buildings was completed and many of the traders had constructed their own shops and godowns. The transactions of the market were, therefore, shifted to this area. The shifting of transactions from an old and established centre to any new place, has always been a difficult problem and the Market Committee and the Municipality of Raichur had to face several difficulties. It was not before 1950 that the process of this change was completed. The *gunj* is an ideal one in plan and construction, and provides necessary amenities both to the seller and the dealer.

The provision of comfortable shops for the *adatiyas* **Improvements** (commission agents) and the buyers, with godowns close by, and timely auctions resulted in higher prices for the cultivators' produce. By this time, the traders had been prevailed upon to replace their stone weights by standard iron weights, and the Market Superintendent was able to watch and check weighments effectively. The strength of the staff of the Market Committee was increased, and the collection and compilation of market information was facilitated. The rate of *adat* or commission was reduced, and the payment in kind to the *hamals* was stopped by fixing a cash remuneration for their work; the practice of taking sample free of cost was discontinued; arbitrary deductions were prohibited, though some of the customary allowances were permitted for the time being. The commission agent could no longer collude with the buyer in the settlement of allowances or deductions for dirt, impurities, moisture, difference or deviation from the sample or average standard. The settlement of such disputes was committed to the Market Superintendent, Arbitrators and the Committee, and the agent was prohibited from acting on behalf of both the seller and the buyer in one and the same transaction. He had to issue a sale-slip or *takpatti* giving details like seller's name and residence, buyer's name, name, quantity and price of the commodity sold, the marketing charges deducted and the actual amount paid to the seller. The counterfoil of every such slip had to be punctually tendered to

the office of the Market Committee on the day following the transaction. The agent was not allowed to appropriate the sale proceeds towards debts without the consent of the seller.

The spade work of regulation of transactions continued during the six years following 1940; the system of sales was improved, the charity fund was controlled, and the Co-operative Agricultural Sales Society in the *gunj* was reformed. There were also the war-time price controls and restrictions on export of agricultural commodities. Prior to 1941, the rates of cotton and groundnuts were fixed by auctioning 50 per cent of the day's arrivals to the highest bidder. As few buyers could afford to purchase 50 per cent from the arrivals of these commodities, there was absence of competition in the auctions, resulting in the dictation of rates by some magnates of the market. The Market Committee, therefore, introduced the present system of auctioning the arrivals with the *adatiyas* of each of the 15 plots in the *gunj* separately, leaving one plot to be auctioned in individual heaps or packages of groundnuts and cotton. This system gave average buyers the chance to purchase in the auction, assuring the sellers the advantage of competitive prices. In the 16th plot, the agents were allowed, turn by turn, to auction these commodities to enable small buyers to meet their requirements.

Charity Fund

The Market Committee sought the co-operation of the *adatiyas* and buyers in the organisation of the charity fund under its direct supervision. The sellers and the buyers were made to contribute, each at 6 pies per cent *ad valorem*, towards the charity fund to be collected through the *adatiyas* and credited in the office of the Committee. This fund was managed by a sub-committee appointed for the purpose. The annual budget was approved by the Market Committee and grants were allotted in aid of educational institutions and for other social amenities at the discretion of the Committee. The collections of this fund were to the tune of Rs. 20,000 per year, the account being kept in the State Bank and operated by the Chairman of the Committee.

In the early years, the finances of the Market Committees could not cope with the then war-time conditions when the salaries of employees had not only to be improved but also, due to the increased scope of activities in regulated markets, the number of staff had to be increased. The Government, therefore, permitted the Market Committees to collect market fees at $\frac{1}{4}$ per cent *ad valorem* from sellers, in preference to the fees collected on cart-load basis, as was done previously. This was brought into effect in October 1947 at Raichur due to which the annual income went up from Rs. 20,000 to Rs. 1,00,000 in this market. In recent years, efforts have been made further to consolidate and increase the income. Out of the central fund pool created

by the Market Committee, facilities for audit were initiated to help the Marketing Officer in improving the tone of transactions.

An important reform introduced in the market was the abolition of the allowance of $1\frac{1}{2}$ seers per bag of groundnuts that the buyers used to obtain from the sellers. The practice of *badwani* or refraction test applied by the buyer to groundnut bags purchased at the time of delivery was also discontinued. If the tested bags were found to contain dirt, earth or stones beyond $1\frac{1}{2}$ seers in weight the *adatiya* was made to pay for the difference. In order to safeguard against such deductions or payment of difference, the *adatiya* used to fill in an additional quantity or make an equal deduction from the produce of the seller at the time of weighment. It was only in about 25 per cent of the cases that the deduction was claimed by the buyers, and paid, and generally this quantity obtained by the *adatiya* over and above $1\frac{1}{2}$ seers per bag of groundnuts was appropriated to his own account. The abolition of the allowance and refraction test of groundnuts saved the seller from the loss of six seers per *palla*. It may be mentioned here that groundnuts form about 60 per cent of the arrivals in the market.

Safeguards to sellers .

With the consolidation of its finances, the Market Committee was able to grant large sums for the construction of roads, for better water facilities and for the extension of electrification in the *gunj*.

Among the other markets of importance in the district is the trading centre of Koppal. It is estimated that nearly four lakhs of bags of groundnut are received every year in this centre. Bhanapur, a sub-market of the taluk, is also an important trade centre. Nearly one lakh of bags of groundnut is recorded here as arrivals. Kinhal, famous for its toys, is also a sub-market for wholesale business in jaggery. Small arrivals of groundnut are also recorded here. The groundnut which arrives in Kinhal is open for wholesale business and a quarter of it is crushed and made into oil and exported to Poona, Bombay and other places. Groundnut seeds are sent to Bombay and Andhra Pradesh and oilcake to places in Tamil Nadu. Among the other commodities received in the market here are castor seed, *karad* seed, jowar and wheat, of which the last two are locally consumed. Important retail marketing centres in the area are Kinhal, Munirabad, Alawandi, Hittanhal, Katarki and Bisarhalli.

Other mofussil trade centres

Another important trade centre is Gangavati, which is also famous for groundnut, paddy and jaggery trade. About 80,000 quintals of groundnut, 50,000 quintals of paddy and 60,000 quintals of gur are the estimated arrivals per year at this market. Arrivals also include bajra, moong and castor seed. In this area, there is one wholesale *mandi* at Karatgi. Yet another important

groundnut market is at Kushtagi from where seeds are exported by lorries to Raichur for oil production. The distance between Kushtagi and Raichur is 101 miles. Sindhanur and Manvi also have important *mandies*. These places have been developed considerably as a result of irrigation facilities provided by the Tungabhadra Project. Manvi is noted for groundnut and Sindhanur for cotton, paddy and groundnut. Hanamsagar, Hirermapur, Tamarpura, Wankalkunta, Potanhal, Mudenur, Mardi and Manjelur are the other important wholesale *mandies*.

Regulated Markets

The main object of establishing regulated markets is to ensure to the agriculturists a better price, proper weighments and relief from collection of illegal fees. These markets are providing also essential facilities and amenities to the cultivator-sellers coming to the markets, such as market yards, water facilities, good roads, etc.

The then Government of Hyderabad had taken steps in the direction of providing marketing facilities and had enacted the Hyderabad Agricultural Markets Act, 1934, with a view to ensuring a fair price to the agriculturists. The provisions of this Act were gradually made applicable to several important marketing centres in the district. The Mysore Agricultural Produce Marketing (Regulation) Act, 1966, which repealed the different enactments in the State, came into force on May 1, 1968. The following regulated markets and sub-markets are at present functioning in the district :—

Regulated Markets

1. Raichur
2. Koppal
3. Gangavati
4. Kushtagi

Sub-Markets

1. Bhanapur under Koppal market
2. Kinhal under Koppal market
3. Ginigera under Koppal market
4. Kanakgiri under Gangavati market
5. Bevoor under Kushtagi market

Out of the four markets, Raichur and Gangavati markets are in the Tungabhadra Project ayacut area. The number of regulated markets is small considering the area of the district and its potentialities. The average number of villages for one market (taking into consideration the sub-markets also) works out to

about 170. The other important centres of trade which are yet to be regulated are Sindhanur, Manvi and Karatgi, all of which are in the ayacut area, and necessary steps are being taken in this direction. The proposal is to have regulated markets at Sindhanur and Manvi and a sub-market at Karatgi. The preliminary notifications for the regulation of Sindhanur and Manvi markets under the Mysore Agricultural Produce Marketing (Regulation) Act, 1966, have already been issued. Proposals for the establishment of a regulated market at Lingsugur with sub-markets at Mudgal, Maski and Jalhalli have also been submitted.

As a result of various measures undertaken with a view to improving the economic conditions of the people under successive Five-Year Plans in general, and increased irrigational facilities provided by the Tungabhadra Project in particular, there have been marked increases in the arrivals of produce at the markets. The quantity of paddy which arrived at Raichur was 20,583 quintals in 1958-59 and it went up to 82,901 quintals in 1967-68. The figures in respect of cotton (kapas and lint) and groundnut were 2,10,419 quintals and 3,39,031 quintals for the year 1958-59 and 2,88,805 quintals and 2,94,164 quintals respectively for the year 1967-68.

Arrivals

As already stated earlier, the Raichur Agricultural Market Committee was established in 1934. It is one of the biggest markets in South India. The particulars of arrivals of some of the important commodities at the Raichur Market for the years 1957-58, 1961-62, 1965-66 and 1967-68 are as given below:—

**Agricultural
Market
Committee,
Raichur**

Sl. No.	Name of commodity	1957-58	1961-62	1965-66	1967-68
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(In quintals)

1.	Groundnut ..	3,49,831.36	1,34,740	3,08,223	2,94,164
2.	Jowar ..	17,625.00	1,19,370	7,781	45,674
3.	Bajra ..	18,960.45	67,514	7,234	25,842
4.	Paddy ..	1,412.08	55,345	19,156	82,901
5.	Kapas ..	1,63,845.92	1,21,087	2,15,161	1,91,501
6.	Lint ..	52,784.64	92,871	72,280	47,675
7.	Cotton seed	24,198.72	48,788	47,588	7,136
8.	Tur ..	4,195.52	8,978	8,000	5,765
9.	Castor seed ..	5,984.00	4,349	1,604	1,512

The particulars of income of this Market Committee for the years 1957-58, 1965-66 and 1967-68 were as given below :—

<i>Year</i>	<i>Market Fees</i>	<i>Licence Fees</i>	<i>Miscellaneous</i>	<i>Total</i>
<i>(Amount in Rupees)</i>				
1957-58 ..	1,22,217-65	8,045-00	2,979-19	1,33,241-84
1965-66 ..	1,98,489-83	8,850-00	26,717-98	2,34,057-81
1967-68 ..	2,65,918-22	11,040-00	45,935-35	3,22,891-57

**Agricultural
Market
Committee,
Koppal**

The Hyderabad Agricultural Markets Act was brought into force in the Koppal trade centre in the year 1948. The market area originally included all villages within a radius of five miles from the Division Office, Koppal, and it was extended to all villages lying within nine miles with effect from 1950.

The particulars of important arrivals of commodities (in quintals) at this market for the years 1957-58, 1961-62, 1965-66 and 1967-68 were as given below :—

<i>Sl. No.</i>	<i>Name of commodity</i>	<i>1957-58</i>	<i>1961-62</i>	<i>1965-66</i>	<i>1967-68</i>
1.	Groundnut (pods) ..	39,671	50,867	49,839	34,008
2.	Groundnut (gungru) ..	1,850	3,993	13,939	20,923
3.	Castor seed ..	256	830	769	2,417
4.	Wheat ..	1,541	1,244	1,815	814
5.	Jowar ..	821	891	476	28,208
6.	Bajra ..	414	1,766	210	793

The particulars of income of this Market Committee for the years 1957-58, 1965-66 and 1967-68 were as given below :—

<i>Year</i>	<i>Market Fees</i>		<i>Licence Fees</i>		<i>Miscellaneous</i>		<i>Total</i>	
	<i>Rs.</i>	<i>P.</i>	<i>Rs.</i>	<i>P.</i>	<i>Rs.</i>	<i>P.</i>	<i>Rs.</i>	<i>P.</i>
1957-58 ..	23,051	—00	5,069	—00	734	—10	28,854	—60
1965-66 ..	29,581	—46	5,166	—00	6,254	—75	41,002	—21
1967-68 ..	35,651	—72	5,813	—00	5,595	—58	47,060	—30

**Agricultural
Market
Committee,
Gangavati**

The Gangavati Agricultural Market Committee was established in November 1953. Its jurisdiction included all villages within a radius of ten miles from the taluk office, and the Kanakgiri Panchayat area was also included in its jurisdiction

in the year 1957. At present, the entire taluk is covered by it. The particulars of arrivals of important commodities at the market (in quintals) for the years 1957-58, 1963-64, 1965-66 and 1967-68 were as follows :—

Sl. No.	Name of commodity	1957-58	1963-64	1965-66	1967-68
1.	Groundnut ..	51,675	44,253	62,791	80,045
2.	Jaggery ..	42,984	66,368	1,13,610	56,993
3.	Jowar ..	1,184	3,316	5,090	12,890
4.	Bajra ..	1,047	1,902	998	4,310
5.	Kangani ..	1,301	2,075	567	2,299
6.	Cotton seed ..	721	441	1,548	420
7.	Castor seed ..	604	1,810	910	4,490
8.	Paddy ..	1,522	2,14,420	89,630	55,770

The particulars of income of this Market Committee for the years 1957-58, 1965-66 and 1967-68 are shown hereunder :—

Year	Market Fees		Licence Fees		Miscellaneous		Total	
	Rs.	P.	Rs.	P.	Rs.	P.	Rs.	P.
1957-58	12,601	—41	3,123	—00	351	—13	16,075	—64
1965-66	47,533	—44	3,912	—00	18,909	—10	72,354	—54
1967-68	95,767	—59	10,620	—00	1,75,685	—04	2,82,072	—63

The Agricultural Market Committee, Kushtagi, was established on 6th January 1958. There is also a market yard at Bevoor which is working under the supervision of the Kushtagi market. The distance between Kushtagi and Bevoor is fifteen miles. The market area covers the entire taluk of Kushtagi. The particulars of arrivals of commodities (in quintals) for the years 1963-64, 1966-67 and 1967-68 were as given below :—

**Agricultural
Market
Committee,
Kushtagi**

Sl. No.	Commodity	1963-64	1966-67	1967-68
1.	Jowar ..	2,126	606	1,967
2.	Bajra ..	358	232	684
3.	Kangani ..	42	70	339
4.	Kulthi ..	200	1,033	534
5.	Ballar ..	33	89	5
6.	Groundnut (gungru) ..	135	2,796	8,455
7.	Groundnut (Madras) ..	4,345	8,595	..
8.	Castor seed ..	965	1,380	703
9.	Karad ..	74	403	234

The particulars of income of this Market Committee for the years 1966-67 and 1967-68 are given below :—

Year	Market	Licence	Miscellaneous	Total
	Fees	Fees		
	Rs. P.	Rs. P.	Rs. P.	Rs. P.
1966-67 ..	3,671.40	2,750.00	57.06	6,478.46
1967-68 ..	4,733.97	3,085.00	86.67	7,905.64

Out of the four regulated markets, the Raichur Market has got a well-built separate *gunj* (Rajendra Ganj). The Market Committee, Gangavati, has also got a market-yard of its own covering an extent of about 41 acres of land. The Market Committees of Koppal and Kushtagi have also taken necessary steps in this direction. The Market Committees have also undertaken several developmental works, such as construction of roads in the market-yards and approach roads, construction of office buildings, staff quarters, guest houses, raiyat bhavans, canteens and cattle sheds, etc., provision of water, electricity and library facilities and erection of auction platforms and compound walls.

Open auction system is prevalent in all the regulated markets. Correct weightment is done by the weighmen employed by the Market Committees. The daily market rates of important commodities are sent to the Senior Marketing Inspector, Dharwar, for broadcasting from the Dharwar Station of the All India Radio. Besides, the daily rates are announced on loud-speakers and also published on the black-board for general information. Under a Market Intelligence Scheme, weekly wholesale and retail prices are collected and furnished to the authorities concerned.

Grading

Grading is important both from the point of view of the seller and the buyer. The Market Committee of Raichur has already introduced the commercial grading of groundnut and paddy, and the eye-sight grading of cotton. Recently, grading of cotton on ginning percentage has also been taken up. Raichur will soon have a grading unit of the Marketing Department. The State Government selected Raichur as one of the centres where grading of cotton on ginning percentage has to be undertaken. Sanction has already been accorded for the establishment of an oil-grading laboratory at Raichur with sub-packing stations at Gulbarga and Bellary. It has also been proposed to establish primary grading units at Gangavati and Koppal for grading groundnut and jaggery.

Provision of proper storage facilities should form a part of Warehouses any programme under marketing. The Mysore State Warehousing Corporation was established in November 1957 and it started functioning in 1958. Since then many warehouses have been provided in the State. Private traders, co-operative institutions and agriculturists are allowed access to these warehouses. At Raichur, a warehouse was started on 1st December 1958 with an initial storage capacity of 100 tonnes in hired premises. Later, the Corporation purchased a site with a view to constructing godowns with modern storage facilities with a capacity of 2,000 tonnes. The construction of the sections was completed in the year 1961 at a cost of about Rs. 3,40,000. At present, the State Warehousing Corporation has three godowns at Raichur with a total capacity of 5,000 tonnes. They are looked after by a Warehouseman, a technical officer working under the direction of the State Warehousing Corporation, Bangalore. There are two more warehouses of the Corporation in the district, one at Koppal and the other at Gangavati. They are located in hired premises.

Those who desire to use the godowns have to pay a storage fee, which covers insurance premium against loss, cost of pesticides and watch and ward. The first priority for storage is given to agriculturists who are directly in need of proper storage facilities. In the godown itself, foodgrain bags are stocked in a systematic way. Pests are the worst menace in the godowns. Harmless chemicals are sprayed to ward off the insects. Apart from storage facilities, there are other benefits derived by the farmers. The warehouse receipt is recognised as a valid document in banks for getting easy credit facilities. About seventy-five per cent of the total value of goods deposited is given as loans by the banks and a reasonable rate of interest is charged on these loans. The technical staff, who are managing these warehouses work in close co-ordination with the marketing authorities, co-operative institutions and banking establishments.

The idea behind these warehouses is to draw as much of the produce as possible during the harvests and stock it in proper, pest-free storage houses. Users of these warehouses are allowed to change the title by a system of recognised transfer documents, without the difficulty of transportation from seller to the buyer. Even sales are effected on the strength of warehouse receipts. The arrivals in the godown are properly graded and weighed or measured and all the particulars entered in the receipt. This facilitates traders to sell their goods without recourse to recurring weighments and exhibition of contents. There is no need to examine the samples or to scrutinise the standardisation. It is also expected that by the increasing use of these godowns, hoarding and profiteering and the creation of artificial scarcity will decline before long. A stable price unhampered by unsoial

tendencies is the logical concomitant of the storehouse idea. Grading of storage produce is also one of the essential principles of a warehousing policy. This is done according to principles of standardisation and qualitative analysis. Efforts are being made also to inculcate the idea of qualitative standardisation into the minds of the cultivators so that they might get higher rates for their produce. An advisory committee consisting of representatives of the regulated market, co-operatives, cultivators, traders, banks and leading members of the public has been set up to popularise the scheme. There is a proposal to set up larger godowns with a capacity of 10,000 tonnes. It is intended to locate these godowns as near the *gunjs* as possible so as to enable producers and traders to fully utilise the benefits of the scheme.

Trade Associations

There are many associations of traders and merchants connected with different trades, industries and business at the centres of trade in the district. The more important among them are the following :—

1. The General Merchants' Association, Raichur.
2. Grains and Kirana Merchants' Association, Raichur.
3. The Cloth Merchants' Association, Raichur.
4. The Tailors' Association, Raichur.
5. The Printing Press Owners' Association, Raichur.
6. The Koppal Merchants' Association, Koppal.

Most of such associations are formed with a view to bringing about closer co-operation amongst the members of the trade or industry concerned, to chalk out and follow a common policy and to devise ways and means of further promotion of their business. Often disputes among the merchants of the trade are referred to these associations for amicable settlement.

Weights and Measures

The regulation of weights and measures in the Raichur district was based on the Hyderabad Weights and Measures Act, 1946, which came into force in the area on 1st March 1950. After the States Reorganisation in 1956, when the district formed part of the new Mysore State, the same statute was being continued together with the rules. The bullion transactions in the district were done using the *tola*, *val* and *rathi* as units of weights. These bullion weights were the same as the Bombay bullion *tola* of 180 grains (*kaldar*), *val* and *rathi* weights. The traders in the area followed two kinds of weights, the seer and *tola* weights and the pound avoirdupois weights. Any trader found using false weights was liable to be punished under the law. A seer was equal to 80 *tolas* and a maund to 40 seers. A *palla* was equal to three maunds, and 20 maunds made one *khandi*. A *masha* was 1/12th of a *tola* and a *chatak* was 1/16th of a seer.

The traders of consumer goods like coffee, tea, tobacco and condiments followed the pound avoirdupois weights in preference to the traditional *tola*. Modern weighing machines were used to determine the correct weight. In wholesale markets of a fairly high turnover, all foodgrains were determined in tons for purposes of export. The internal arrivals were determined by maundage. Dealers in cotton, cloth, metals, etc., followed the pound avoirdupois weights.

In the category of measures, the seer was the base. One maund was equal to 40 seers and a *palla* was equal to 120 seers in the district. Measures of half-a-seer and one-fourth of a seer were also used. In the day-to-day transactions of the retail bazaar, the *chatak*, the *adholi* and the *pyali* were also used. The *chatak* was equal to 1/16th of a seer and an *adholi* was equal to two seers and a *pyali* was equal to four seers. Some of the liquids were measured by the imperial gallon where a pint was determined as 1/8th of a gallon. In the bars and liquor shops, the peg and the dram were the accepted standards.

The standard of length used in the district was the same as elsewhere, namely, foot, yard, furlong and mile. The area was measured in guntas and acres (one gunta was equal to 120 square yards and one acre was equal to 4,840 square yards).

But, with the introduction of the Mysore Weights and Measures (Enforcement) Act, 1958, and the rules issued thereunder, in the State, uniform metric system of weights and measures has been brought into vogue in the district. The Act repealed all other systems of weights and measures giving place to metric system using kilogram for weight, litre for measure and metre for length. The use of old weights like *tola*, seer, maund, *khandi*, pound, pint, etc., has been declared illegal in trade and commerce. The State Government has taken all steps to educate the people about the advantages of the metric system of weights and measures, through propaganda and publicity.
