

Chapter - 20

Banking and Regional Imbalance

20.1 Nationalization of Banks:

1. The avowed objective of the nationalization of 14 major commercial banks in the country in July 1969 was to usher in structural changes in their credit portfolio biased heavily till then in favour of large and medium scale industry as against agricultural and allied activities, small scale industries and small borrowers. Among several measures envisaged and implemented by the Government to realize this objective and its importance a mention may be made of:

- (i) Progressive extension of banking net work (branches) to rural areas and
- (ii) Introduction of specialized credit schemes, as being important.

2. Of these two measures the former “ could only be considered as a means to mobilize internal resources and channeling them in socially productive investment. In this context it is not the number of branches that are important **but the pattern of distribution of such branches.** To some extent, the banking activities could be used **as a means to mitigate the regional imbalances**”¹ (emphasis added). If so, what has been the experience and record of Karnataka in this sphere? The present chapter focuses on this and related questions relating to the banking sector in Karnataka during the period 1975-2000. The discussion is generally restricted to the configuration of districts as it prevailed prior to the formation of new districts in 1998 to facilitate the comparison with the banking scenario that obtained in 1975.

3. For the banking scenario that obtained in Karnataka in 1975, reference may be made to the pioneering exercise² carried out by the District and Regional planning unit, Economic Adviser’s Division, Planning Department, Government of Karnataka in 1977, at the initiative and overall guidance of Dr. D. M. Nanjundappa, the then Economic Adviser and Special Secretary to the Government of Karnataka (presently Chairman, HPC FRRI). A mention of the major findings of this study is in order. Banking facility was more predominantly absent in the region of North Karnataka. There were serious gaps in branch expansion in un-banked areas especially backward areas/taluks and commercial banks showed greater enthusiasm to open branches in the satellite towns or in the peripheries of metropolitan cities or in the district or taluk headquarters. In the matter of lending in rural areas the performance was again unsatisfactory. There was also the fact that the agricultural loans had gone largely to the capitalistic farmers and the advances to the small industries had been appropriated in a large measure by units closely linked with large establishments. The study called for a change in the outlook of the bankers to the whole problem of rural bank expansion and rural lending operations.

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- 1. Banking Plan for Karnataka (1977-1981): District and Regional Planning unit, Economic Adviser’s Division, Planning Department, Govt. of Karnataka, June 1977, P.1.
 - 2. Ibid, P.14

4. Against this overall banking scenario that obtained prior to 1975, we proceed to examine the changes, if any that have occurred in this scenario during the period 1975 to 2000 and to what extent, regional imbalances in bank branches and credit supply have been taken care of.

20.2 Banking Network: Branch Expansion: 1975 to 1996

5. Relevant details of branch expansion features in Karnataka between 1975 and 1996 are shown in Table: 20.1. We had to confine to the latest year like 1996 because we were told that beyond 1996, there has not been much of branch expansion and that instead, there have been closure of some others. The picture given in our report reflects fairly well the most recent position in the case of bank branches in all the 175 taluks of Karnataka. The total number of bank branches (Commercial banks and Regional Rural Banks) in the State increased from 1857 in December 1975 to 4463 in June 1996, an increase of 140.3 per cent. It is redeeming to note that branch expansion has been relatively fast in rural areas (198.1 per cent) than in urban areas (96.4 per cent) and also in North Karnataka (171.2 per cent) than in South Karnataka (125.8 per cent). With the result the relative share of rural branches in South Karnataka improved from 43.1 per cent in 1975 to 53.5 per cent in 1996. Likewise, the relative share of rural branches in North Karnataka improved from 37.9 per cent to 59.5 per cent in the corresponding period. There need not be any element of surprise in this pattern as rural areas vis-à-vis urban areas and North Karnataka (with the exceptions of Uttara Kannada and Belgaum) vis-à-vis South Karnataka (with the exceptions of Chitradurga, Kolar and Tumkur) were lagging behind in banking facilities in 1975, requiring an improvement. The highest increase in bank branches was recorded by Bidar and the lowest by Dakshina Kannada.

6. The overall growth in the number of bank branches does not tell the story full unless this progress is reflected over time in improving (read: reducing) the average size of population served by a branch, especially in the rural areas. It is indeed to the credit of the banking institutions, more so in the context of a sizeable growth in population between 1975 and 1996, that there has been an improvement in these dimensions of branch expansion. As against an average population of 16 thousand served by a branch in 1975, a branch serves an average population of 11 thousand in 1996. Moreover, improvement is reflected particularly in the reduction of the average size of population served by a branch in rural areas (from 30 thousand to 14 thousand). Therefore the picture that emerges across the districts between 1975 and 1996 does indeed suggest, at least on the face of it, considerable efforts by the Government of Karnataka and banking institutions in out-reaching the people at large.

7. Notwithstanding this overall improvement in the banking scenario, regional disparities observed in 1975 seem to be persistent even in 1996. To elaborate, as against the state average of 11 thousand populations per bank branch in 1996, the average population per branch in South Karnataka was 10 thousand and that in North Karnataka 13 thousand. Within South Karnataka, 5 districts: Chitradurga, Kolar, Mandya, Mysore and Tumkur (out of 11 districts i.e., 46 per cent) had average population per bank higher than the state average, whereas within North Karnataka 6 districts: Belgaum, Bellary, Bidar, Bijapur, Gulbarga and Raichur (out of 8 districts i.e., 75 per cent) had the average population per bank higher than the state average. These details at the regional level help appreciate the fact that in the matter of access to bank branches, North Karnataka lags behind South Karnataka. When we take into account the average population per bank in the rural areas only, the picture in North

Table 20.1
Bank Branches (Commercial Banks and RRBs) in Karnataka, December 1975 and June 1996: District - wise

Sl. No.	District	Bank Branches						Percentage Change			1975			1996		
		December 1975			June 1996			Rural	Urban	Total	Av. Pop.(in '000') per branch			Av. Pop. (in '000') per branch*		
		Rural	Urban	Total	Rural	Urban	Total				Total	Rural	Urban	Total	Rural	Urban
1	Bangalore	70	319	389	116	718	834	65.71	125.08	114.4	9	26	6	9	12	9
2	Chickmagalur	43	16	59	107	24	131	148.84	50	122.03	12	16	8	8	8	7
3	Chitradurga	25	32	57	136	63	199	444	96.88	249.12	24	51	10	12	13	11
4	Dakshina Kannada	187	104	291	263	217	480	40.64	108.65	64.95	7	9	4	6	8	4
5	Hassan	34	24	58	118	40	158	247.06	66.67	172.41	19	37	7	1	12	9
6	Kodagu	46	10	56	87	21	108	89.13	110	92.86	6	8	6	4	5	3
7	Kolar	25	27	52	136	42	178	444	55.56	242.31	29	55	13	3	13	14
8	Mandya	27	20	47	94	33	127	248.15	65	170.21	24	42	9	41	16	9
9	Mysore	35	75	110	128	134	260	260	78.67	136.36	18	49	8	41	19	8
10	Shimoga	51	38	89	115	65	180	125.49	71.05	102.25	14	22	9	11	13	9
11	Tumkur	33	22	55	137	60	197	315.15	172.73	258.18	29	49	9	13	15	8
	South Karnataka	576	687	1263	1435	1417	2852	149.13	106.26	125.81	13	21	6	10	12	8
12	Belgaum	52	74	126	158	134	292	203.85	81.08	131.75	19	39	7	13	19	7
13	Bellary	26	38	64	107	64	171	311.54	68.42	167.19	17	34	9	13	15	9
14	Bidar	7	12	19	67	26	93	857.14	116.67	389.47	43	109	11	15	17	11
15	Bijapur	20	60	80	155	84	239	675	40	198.75	24	86	8	14	16	9
16	Dharwad	40	95	135	161	175	336	302.5	84.21	148.89	17	43	8	11	16	8
17	Gulbarga	9	29	38	105	65	170	1066.7	124.14	347.37	45	175	12	17	21	11

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Table 20.1 (Concluded)
Bank Branches (Commercial Banks and RRBs) in Karnataka, December 1975 and June 1996: District - wise

Sl. No.	District	Bank Branches						Percentage Change			1975			1996		
		December 1975			June 1996			Rural	Urban	Total	Av. Pop.(in '000') per branch			Av. Pop. (in '000') per branch		
		Rural	Urban	Total	Rural	Urban	Total				Total	Rural	Urban	Total	Rural	Urban
18	Uttara Kannada	47	33	80	97	62	159	106.38	87.88	98.75	11	16	5	8	10	5
19	Raichur	24	28	52	108	43	151	350	53.57	190.38	27	55	8	18	19	14
	North Karnataka	225	369	594	958	653	1611	325.78	76.96	171.21	21	44	7	13	16	8
	State	801	1056	1857	2388	2074	4463	198.13	96.4	140.28	16	30	7	11	14	8
	Share in State Total (N.K)	37.9	62.1	100	59.5	40.5	100									
	Share in State Total (S.K)	43.1	56.9	100	53.5	46.5	100									

* Based on population estimates for the year 1996 by the Directorate of Economics and Statistics, Government of Karnataka.

Source: Data for 1975 are drawn from Banking plan for Karnataka (1977-81), Planning Department, Government of Karnataka, June 1977,

Data for 1996 are drawn from "Details of Bank Branches in Karnataka State-June 1996",

Institutional Finance wing, Planning Department, Government of Karnataka.

Karnataka gets worse in the sense, only one district: Uttar Kannada is below the corresponding state average, whereas in South Karnataka eight districts: Bangalore, Chickmagalore, Chitradurga, Dakshina Kannada, Hassan, Kodagu, Kolar and Shimoga have figures below the corresponding state average.

From the above discussion, two points may be highlighted:

1. There has been a steady improvement in extending the banking network to unbanked areas in the state. But rural areas comparatively lag behind urban areas and North Karnataka comparatively lags behind South Karnataka in the level of banking facilities (in terms of average population per branch) even in 1996.
2. Further the situation is relatively worse in respect of rural areas in North Karnataka than those in South Karnataka.

8. Hazy concept adopted by the RBI in the definition of a rural branch serves to exaggerate the number of rural branches vis-à-vis urban branches, thus camouflaging the reality in outreaching the rural areas. Therefore it becomes necessary to remove this hazy element built into the data on the pattern of branch expansion and re-estimate the figures so as to make them reflect the true status with regard to branch expansion in rural areas. Accordingly, we take out the number of branches located in taluk headquarters but classified as rural branches and reclassify them as semi-urban/urban branches. This is because these taluk headquarters exhibit the characteristics of semi-urban/urban centres more than that of a rural centre. As a result of this re-adjustment in data on bank branches 96 branches located in 37 taluks in the state qualify to be included in the category of semi-urban/urban branches causing a drop in the number of rural branches in 1996 from 2393 to 2297. (See Table 20.2 for details on taluk-wise distribution of such branches). More importantly, this readjustment of data shows its impact on determining the size of population served by a rural branch: the average size of population served by a rural branch worsens though moderately from 14 thousand to 15 thousand.

20.3 Bank Expansion between 1996 and 2000:

9. Between June 1996 and June 2000, the total number of bank branches in the State no doubt increased from 4,470 to 4,684 that is by about 5 percent (For statistical details see Economic Survey 2000-2001, Govt. of Karnataka, Appendix 7.1, P.A. 7.2). But this was accompanied by a decline in the number of rural branches in the corresponding period (from 2255 to 2236). In other words, the decline in the number of rural branches was more than compensated by an increase in the number of urban branches (from 2215 to 2448) to register an overall increase in the number of bank branches in the State during 1996 to 2000. This may be interpreted to mean that the focus in branch expansion has shifted relatively more in favour of urban areas than the rural areas in the very recent years. As considerations of economic efficiency and viability of bank branches have an overriding influence, at the cost of social concerns and responsibility, in the context of new economic policy reforms initiated in 1991, this shift in the nature of branch expansion may be attributed to this development. This trend should be reversed if regional balance on credit flow in rural areas is to be ensured.

Table 20.2**Number of Bank Branches in Taluk Headquarters
listed as Rural Branches**

Taluk	No. of Rural Branches
Nelamangala	3
Raibagh	2
Soundati	1
Sandur	4
Kudligi	2
H.B.Halli	4
Aurad	1
Koppa	4
Mudigere	4
N.R.Pura	2
Sringeri	4
Holalkere	4
Hosadurga	4
Jagalur	2
Molakalmuru	2
Belthangadi	3
Sullia	5
Alur	1
Arkalgud	3
Ponnampet	3
Somavarpet	3
Bagepalli	2
Srinivasapura	2
H.D.Kote	2
Periyapatna	1
T.N.Pura	3
Yelandur	2
Deodurga	2
Kushtagi	3
Yelburga	2
Chennagiri	2
Honnali	3
Hosadurga	3
Soraba	3
Gubbi	2
Koratagere	2
Joida	1
Total	96

Note: Computed from data available in " Details of Bank Branches in Karnataka State - June 1996", Institutional Finance wing, Planning Dept, Govt. of Karnataka.

10. A possible way of reversing this trend is to enhance the role of Regional Rural Banks (RRBs) through creating a few more of them in the state. Table: 20.3 gives an idea about the existing network of RRBs in the state; there are in all 13 Regional Rural Banks (RRBs) as at March 2001.

11. Keeping in view the coverage of district(s) by each of these RRBs, there is certainly the need for starting additional RRBs in areas where their coverage is too wide to be operationally effective and/or in areas where there is high potential for bank business due to intense economic activities. Consequent upon starting of five additional RRBs, we recommend the restructuring of RRBs with the coverage of districts as indicated in Table. 20.3A.

12. In this context, it is also necessary to restructure the stakes of the partners involved in the following manner:

Stake holder	Existing	Proposed
State Government	15 per cent	30 per cent
Central Government	30 per cent	15 per cent
Sponsor Bank	55 per cent	55 per cent

13. This restructuring of stakes of partners will give fillip to the state/local effort in supervising the functioning of regional rural banks in meeting the rural credit needs.

Table 20.3
Names of RRBs in Karnataka , their sponsor banks, dates of establishment and geographical coverage as at March 2001.

Sl. No.	Name of the sponsor bank	No. of RRBs sponsored	Names of RRBs	Branch net work	Districts covered **	Date of establishment
1	Canara Bank	4	Chitradurga Gramina Bank	93	Chitradurga (93)	5/8/81
			Kolar Gramina Bank	61	Kolar (61)	16/2/83
			Sahyadri Gramina Bank	29	Shimoga (29)	6/9/84
			Tungabhadra Gramina Bank	160	Bellary (64) & Raichur (46) Koppal (39) , Davanagere (11)	25/1/76
2	Corporation Bank	1	Chickmagalur Kodagu Gramina Bank	46	Chickmagalur (27) & Kodagu (19)	24/4/84
3	State Bank of India	1	Krishna Gramina Bank	107	Gulbarga (74) & Bidar (33)	1/1/78
4	State Bank of Mysore	2	Cauvery Gramina Bank	124	Mysore (56) & Hassan (44) Chamarajanagar (24)	2/10/76
			Kalpatharu Gramina Bank	84	Tumkur (41), Bangalore ® (29) & Bangalore (U) (14)	31/3/82
5	Syndicate Bank	4	Bijapur Gramina Bank	86	Bijapur (86)	31/3/83
			Malaprabha Gramina Bank	231	Belgaum (105) & Dharwad (44) Gadag (34) & Haveri (48)	16/8/76
			Nethravathi Gramina Bank	22	Dakshina Kannada (22)	11/10/84
			Varada Gramina Bank	28	Uttara Kannada (28)	12/10/84
6	Vijaya Bank	1	Vishweshwaraya Grmaina Bank	25	Mandya (25)	27/3/85
Total		13	Total	1096		

** Figures within brackets are number of braches in the concerned districts

Source: Annual reports & SLBC Data

Table: 20.3A
Proposed Restructuring of RRBs in Karnataka

Existing		Proposed	
RRB	District(s) Covered	RRB	District(s) Covered
Chitradurga Gramina Bank	Chitradurga	Chitradurga Gramina Bank	No change
Kolar Gramina Bank	Kolar	Kolar Gramina Bank	No change
Sahyadri Gramina Bank	Shimoga	Sahyadri Gramina Bank	No change
Chikmagalur and Kodagu Gramina Bank	Chikmagalur and Kodagu	Chikmagalur and Kodagu Gramina Bank	No change
Cauvery Gramina Bank	Mysore, Hassan and Chamarajanagar	Cauvery Gramina Bank Separate RRB	Mysore & Chamarajanagar For Hassan
Kalpatharu Gramina Bank	Tumkur, Bangalore(R) and Bangalore (U)	Kalpatharu Gramina Bank Separate RRB	Tumkur and Bangalore(U) Bangalore (R)
Nethravathi Gramina Bank	Dakshina Kannada	Nethravathi Gramina Bank	Dakshina Kannada and Udupi
Vishwesharaya Gramina Bank	Mandya	Vishwesharaya Gramina Bank	No change

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Table: 20.3A (concluded)**Proposed Restructuring of RRBs in Karnataka**

Existing		Proposed	
RRB	District(s) Covered	RRB	District(s) Covered
Krishna Gramina Bank	Gulbarga and Bidar	Krishna Gramina Bank	No change
Bijapur Gramina Bank	Bijapur	Bijapur Gramina Bank	No change
Malaprabha Gramina Bank	Belgaum, Dharwad, Gadag and Haveri	Malaprabha Gramina Bank Separate RRB Separate RRB	Belgaum For Dharwad and Haveri For Gadag and Bagalkot
Tungabhadra Gramina Bank	Bellary, Raichur, Koppal and Davanagere	Tungabhadra Gramina Bank Separate RRB	Bellary and Davangere. For Raichur and Koppal
Varada Gramina Bank	Uttara Kannada	Varada Gramina Bank	No change

20.4 Banking Network to un-banked Service Centres and Mandi Towns:

14. The study by the Planning Department, Govt. of Karnataka, referred to earlier made a stupendous effort in identifying the un-banked service centres and Mandi/weekly Market centres in the state, in the year 1977. Out of 177 Market-cum- Service Centres and 359 service centres identified in the State, 174 Market-cum-Service Centres and 164 service centers had bank branches as on December 1975. More than 50 per cent of the service centres did not have bank branches and the study pointed out that bank branches were needed most to cater to the needs of rural people. Apart from these un-banked service centres, the study indicated that there were 628 Mandi/weekly Market Centres, which were not served by the bank branches. Of these 628, as many as 304 were found in five districts namely Belgaum, Bijapur, Dharwad, Gulbarga and Kolar. The study made a forceful plea for establishing bank branches in these un-banked centres on the count that they should be saved from the clutches of Mandi merchants for their credit needs.

15. We took into account the scenario that obtained with regard to the network of bank branches existing within the state in 1996 vis-à-vis the un-banked market-cum-service centres as identified by the Planning Department, Government of Karnataka in 1975 where in bank branches were recommended to be opened up over a period of Five Years (1977-81), to examine how many of these un-banked centres have come to be covered by the bank branches over the 21 period. It is quite revealing that as many as 218 centres out of 650 recommended, that is almost one third do not have a bank branch even now (See Table: 20.4 for details). Moreover these are concentrated mostly in the districts of North Karnataka (158 places or 72 per cent), a fact which causes concern from the point of view of regional imbalances. (See Annexure-20.1 for the names of these centres, with their geographical distribution recast as per the new configuration of districts). It is high time that a serious consideration was given to open bank branches in these centres. Locational maps indicating the existence of Bank branches as of now and proposed are presented separately to facilitate implementation by the concerned authorities. List of bank branches is given in Appendix.

20.5 Credit Needs: Gap in Bank Credit :

16. We examine the sectoral credit needs of Karnataka as estimated by NABARD for the year 2001-2002 and try to assess the banking sector's readiness to meet these needs by keeping in background the actual performance of the banking sector (CBs and RRBs) in the preceding year(s) as a guiding factor in this matter.

17. Financial requirements of Karnataka for the year 2001-2002 as estimated by NABARD based on district-wise potential linked plan (PLP) are of the order of Rs. 7813 cr. Of this the requirements of agriculture and allied activities together are of the order of Rs. 5036 cr (64.5per cent), that of the non-farm sector (NFS) are Rs. 1159 cr (14.8 per cent) and that of the other priority sector (OPS) are Rs. 1618 cr. (20.7 per cent) respectively. (For details see Table:20.5)

18. NABARD's own estimates of credit gap after considering the likely bank credit flow to the NFS and OPS are of the order of Rs.259.41 Cr and Rs.281.15 Cr respectively. Besides it is important to notice that in none of the districts the likely credit flow to these sectors matches fully with the requirement (Table:20.5). Such estimates of credit flow and

Table: 20.4**Number of Centres not having Bank Branches (1996): District-wise**

Sl.No.	District	Number of Centres
1	Belgaum	28
2	Bijapur	19
3	Gulbarga	31
4	Raichur	36
5	Bellary	11
6	Bidar	7
7	Dharwad	26
	Total North Karnataka	158
1	Bangalore	7
2	Mysore	10
3	Chitradurga	4
4	Kolar	3
5	Mandya	11
6	Tumkur	8
7	Shimoga	10
8	Hassan	5
9	Chikmagalur	2
	Total South Karnataka	60
	State Total	218

Note: Compiled by comparing the centres recommended by the Planning Dept, Govt. of Karnataka in 1975 for Branch Expansion and the list of Bank Branches in 1996 provided by the Institutional Finance wing, Planning Dept., Govt. of Karnataka.

Table 20.5 Sector-Wise Projection of Financial Requirements of Karnataka: 2001-2002.**Rs. Lakh**

Districts	Agriculture and Allied to Agriculture					Non-Farm Sector			Other Priority Sector		
	Agriculture PLP Estimates 2001-2002	Allied PLP Estimates 2001-2002	Total	Likely Credit Flow	Credit Gap	PLP Estimates 2001-2002	Likely Credit Flow	Credit Gap	PLP Estimates 2001-2002	Likely Credit Flow	Credit Gap
Bangalore (Urban)	3437.4	946.71	4384.11			21000	15000	6000	4300	3400	900
Bangalore(Rural)	10310.46	1908.84	12219.3			2055	1000	1055	3520	2500	1020
Chickmagalur	41100.44	1264.41	42364.85			2141.75	1800	341.75	5025	4500	525
Chitradurga	10927.14	519.75	11446.89			3350	2345	1005	3480	2610	870
Dakshina Kannada	15815.07	1866.45	17681.52			20345	17000	3345	16972	15000	1972
Hassan	22985.52	1728.58	24714.1			1752.5	1250	502.5	6407.5	4800	1608
Kodagu	32636.52	1596.94	34223.46			987.82	833.03	154.79	3929.1	3630	299.1
Kolar	15217.94	2229.16	17447.1			2915	2187	728	4758	3758	1000
Mandya	14372.57	1878.7	16251.27			1600	1100	500	3024	2400	624
Mysore	18296.22	2018.61	20314.83			7019.06	5600	1419.1	9660.2	8000	1660
Chamarajanagar	4951.6	570.05	5521.65			405	325	80	1500	1200	300
Shimoga	18527.82	945.64	19473.46			3321	3100	221	7535	6500	1035
Tumkur	11562.4	1197.6	12760			3000	2000	1000	5000	4250	750
Udupi	6728.82	1274.89	8003.71			8990	7200	1790	12000	9000	3000
Davanagere	23087.34	1427.99	24515.33			2068	1572	496	5000	3750	1250
South Karnataka	249957.26	21374.32	271331.6			80950.13	62312	18638	92110.8	75298	16813

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Table 20.5 (Concluded)
Sector-Wise Projection of Financial Requirements of Karnataka: 2001-2002.

Rs. Lakh

Districts	Agriculture and Allied to Agriculture					Non-Farm Sector			Other Priority Sector		
	Agriculture PLP Estimates 2001-2002	Allied PLP Estimates 2001-2002	Total	Likely Credit Flow	Credit Gap	PLP Estimates 2001-2002	Likely Credit Flow	Credit Gap	PLP Estimates 2001-2002	Likely Credit Flow	Credit Gap
Belagaum	51301.9	2125.3	53427.2			5168	3875	1293	9290	8361	929
Bellary	22337.49	1787.1	24124.61			5310	4800	510	6407	5500	907
Bidar	16492.51	720.65	17213.16			751.4	500	251.4	3880	3492	388
Bijapur	19463.33	736.18	20199.51			1355	850	505	4500	4082.3	417.8
Dharwad	11734.21	1015.96	12750.17			6790.92	5555.1	1235.8	10280.2	8532.2	1748
Gulbarga	16356	980.75	17336.75			2637	1979	666	6500	5785	715
Uttara Kannada	7541.17	1004.11	8545.28			2800	2600	200	11000	9000	2000
Raichur	14384.67	2029.65	16414.32			2197.5	1648.1	549.38	3505	2700	805
Bagalkot	21632.17	736.68	22368.85			1700	1190	510	3200	2240	960
Gadag	9470.08	583.21	10053.29			3103.08	25231	579.98	4492.88	3593.6	899.3
Haveri	15609.2	1179.26	16788.46			10015.2	848.79	152.33	3792.68	3035	757.7
Koppal	12123.08	936.17	13059.25			2100	1250	850	2875	210	775
North Karnataka	218445.81	13835.04	232280.9			34914.02	27611	7302.9	69722.76	56531	11302
Karnataka	468403.07	35209.36	503612.4	291216*	212396*	115864.2	89923	25941	161833.56	131829	28115

* Our Estimates

Source: NABARD, Bangalore Regional Office, State Focus Papers : 2001-2002, Karnataka, pp NFS.23 and Annexure III. p.24

credit gap of the agriculture and allied activities are not apparently made by NABARD. But the credit gap of agriculture and allied activities may be expected to be considerable, if the performance of the banking sector in the preceding year(s) is any guide.

19. To elaborate, bank credit for agriculture and allied activities registered a little more than seven times increase from Rs. 266.89 Cr. in 1991-92 to Rs. 1941.44 Cr in 1999-2000 (see Table:20.6). Out of this total credit in 1999-2000, Rs. 1424.03 Cr. (73 per cent) was for short term crop production and the remaining Rs.517.41 (27 per cent) for term loan. The relative shares of commercial banks and RRBs in crop loan were 68.8 per cent and 31.2 per cent respectively, and in term loan were 85.5 per cent and 14.5 per cent respectively in the year 1999-2000. Even if we were to assume at the extreme a sizeable increase in a single year say by 50 per cent in bank credit to agriculture and allied activities, in 2001-02, the credit gap of this sector between its estimated needs (Rs. 5036.12 Cr) and estimated credit availability (Rs. 2912.16 Cr) is considerable, that is, Rs.2123.96 Cr.

20. Thus the total credit gap of Karnataka's economy, for 2001-2002, sector-wise may be expected to be of the following order.

<u>Sector</u>	<u>Likely credit gap</u>
NFS	Rs. 259.41 Cr (NABARD estimate)
OPS	Rs. 281.15 Cr (NABARD estimate)
<u>Agri.and Allied</u>	<u>Rs. 2123.96 Cr (Our estimate)</u>
Total	Rs. 2664.52 Cr.

21. Consequently, it is reasonable to argue that the banking sector, unless it intensifies its efforts cannot meet satisfactorily the credit requirements of Karnataka's economy. It should be noted that credit is a major much needed input for improvement of backward taluks suffering from severe imbalances.

22. That the rural economy of Karnataka is bogged down with the paucity of credit is demonstrated succinctly by Dr. Thingalaya in a recent article and we do no better than borrowing the relevant portions from it.³

20.6 Credit for Agriculture: Stagnation

23. "Rural credit flow has not, however, shown signs of total decline in the state so far, though its relative share has remained stagnant..... The share of rural credit in the total bank credit in the state has come down marginally or remained stagnant during this period. It was 16.3% in 1996 and 15.5 % in March 2001..... there is a slackening in banks efforts in the recent years; this could be observed from the pattern of credit flows to 2 of the rural segments: direct advances to agriculturists and the advances to the artisans and village industries". See Table 20.7 for the relevant details in this regard.

24. "The stagnation in the number of borrowing accounts of the agriculturists serviced by the banks during 1994-2000 is evident.... Borrowing account is not synonymous with the borrower, as a borrower may have more than one account. The number of borrowers may be

3. Thingalaya N.K., "Rural credit in Karnataka: Some Issues," A Working Paper for the First Meeting of the Karnataka State Planning Board, Aug 28,2001.

Table 20.6**Credit Disbursement by CBs and RRBs in Agricultural Sector in Karnataka during 1991-92 to 1999-00**

Rupees in crore

Year	Term Loan			Crop Loan			Grand Total
	CBs	RRBs	Total	CBs	RRBs	Total	
1991-92	103.82(85.5)	17.56(14.5)	121.38(100.00)	98.02(67.4)	47.49(32.6)	145.51(100.00)	266.89
1992-93	98.23(84.2)	18.49(15.8)	116.72(100.00)	175.61(76.8)	53.19(23.2)	228.8(100.00)	345.52
1993-94	130.19(84.7)	23.59(15.3)	153.78(100.00)	196.07(64.01)	109.74(35.9)	305.81(100.00)	459.59
1994-95	182.73(78.7)	49.41(21.3)	232.14(100.00)	236.14(59.6)	160.11(40.4)	396.25(100.00)	628.39
1995-96	256.42(82.5)	54.27(17.5)	310.69(100.00)	302.47(60.5)	197.77(39.5)	500.24(100.00)	810.93
1996-97	216.02(80.8)	51.26(19.2)	267.28(100.00)	361.35(65.5)	190.18(34.5)	551.53(100.00)	818.81
1997-98	333.72(72.5)	126.90(27.5)	460.62(100.00)	360.49(55.7)	286.20(44.3)	646.69(100.00)	1107.31
1998-99	430.25(87.9)	59.19(12.1)	489.44(100.00)	755.84(72.1)	291.92(27.9)	1047.76(100.00)	1537.2
1999-00	442.3(85.5)	75.11(14.5)	517.41(100.00)	980.09(68.8)	443.94(31.2)	1424.03(100.00)	1941.44

Note: Figures in parentheses are percentages to the total of term loan and crop loan respectively in each year.

Source: Institutional Finance wing, Planning Department, Government of Karnataka.

Table 20.7**Advances to Agriculturists and Artisans in Karnataka : 1994 and 2000**

As on March 1994		Banks	Regional Rural Banks	Total
Direct Agricultural Advances	(No. of Accounts in lakh)	15.49	4.67	20.16
	(Amount in Rs. Crore)	1537	311	1848
Artisans & Village Industries	(No. of Accounts in lakh)	0.61	0.3	0.91
	(Amount in Rs. Crore)	33	10	43
As on March 2000				
Direct Agricultural Advances	(No. of Accounts in lakh)	14.92	5.12	20.04
	(Amount in Rs. Crore)	3577	871	4448
Artisans & Village Industries	(No. of Accounts in lakh)	0.78	0.23	1.01
	(Amount in Rs. Crore)	130	25	155

Compiled from Basic Statistical Returns , Vol-23, March 1994 and Vol-29 March 2000, Reserve Bank of India

Source: Adapted from N.K.Thingalaya, " Rural credit in Karnataka : Some Issues", A Working Paper for the First Meeting of the Karnataka State Planning-Board, August 28, 2001.

actually less than the number of borrowing accounts. The inference then would be that despite a substantial increase in the agricultural credit, there has been no increase in the number of farmers assisted by the banks. With the number of land holding families in the state being 57.77 lakh according to the 1991 census, the banks could reach out to only 20.04 lakh farmers. Their penetration into the farming sector is only 34 percent....".

25. Economic survey of Karnataka 2001-02 admits candidly that while the per branch business for the state as a whole works out to Rs. 14.46 Cr, it was significantly lower at around Rs.5.02 Cr. in rural branches. For the country as a whole this was Rs. 19.7 Cr. and for rural branches Rs. 5.93.Cr.

26. While this macro-picture with regard to rural credit is revealing in itself, many gnawing queries remain unanswered due to the paucity of data at our disposal: what type of farmers: large, medium and small have been able to avail bank credit and to what extent? What is the nature of distribution of rural credit across districts and across irrigated and non-irrigated areas within these districts?

20.7 Commercial Banks and Scheduled Castes/Scheduled Tribes:

27. There is no gainsaying that credit is also a major much needed input for the economic upliftment of the poor and deprived sectors of the society, especially those belonging to scheduled castes and scheduled tribes who are caught in the proverbial clutches of the private money lenders and landed gentry. The performance of commercial banks in this area of social concern is indeed disappointing, as is evident from the negligible share of advances to SCs and STs in the total advances by the commercial banks. The total advances of banks including RRBs as at September 2001 were Rs. 30614 Cr. Of this, the share of SC and ST advances was a meagre Rs. 712 Cr or 2.33 per cent. (Source: Banking Statistics for September 2001, State Level Bankers' Committee, Karnataka).

20.8 Regional Distribution of Bank Credit :

28. Thanks to the efforts of NABARD, the coordinating agency for reporting the activities of commercial banks and RRBs, we have been able to obtain the details of bank credit to agriculture and non-agriculture, taluk-wise, at least for one year i.e, 1998-99.

29. Out of a total bank advances of Rs. 5619.30 Cr in the state, the shares of South Karnataka and North Karnataka were 55.3 percent and 44.7 percent respectively. Sector-wise allocation of bank advances was again in favour of South Karnataka, with the solitary exception of OPS. (Table 20.8)

Table: 20.8

**Percentage Share in the State Total Development Credit by Banks (CBs and RRBs)
1998-99: Sector-wise and District-wise.**

Districts	Agriculture	Allied	NFS	OPS	NPS	All
Bangalore(U)	0.55	3.16	9.01	1.66	2.17	2.00
Bangalore(R)	1.43	6.79	1.37	1.10	1.33	1.45
Chitradurga	2.37	1.17	2.02	2.61	1.03	1.96
Davanagere	4.85	3.33	1.11	1.75	1.38	2.97
Kolar	3.30	7.44	3.02	2.42	3.20	3.19
Shimoga	3.99	2.34	4.99	4.92	4.72	4.41
Tumkur	2.54	5.40	3.18	3.09	3.03	2.88
Chamarajnagar	0.82	3.36	0.23	0.92	0.65	0.79
Chikmagalur	10.96	2.17	2.74	3.23	4.09	6.80
D. Kannada	0.06	1.82	13.12	6.39	7.12	4.33
Hassan	5.61	6.09	0.93	2.46	3.64	4.13
Kodagu	8.39	4.64	1.18	2.36	5.91	5.99
Mandya	3.76	7.81	1.35	1.86	1.58	2.69
Mysore	4.95	5.55	8.08	5.12	7.07	5.89
Udupi	1.12	4.81	13.74	8.40	9.09	5.81
South Karnataka	54.70	65.90	66.06	48.29	56.02	55.29

contd..

Table: 20. 8 (concl'd)**Percentage Share in the State Total Development Credit by Banks
(CBs and RRBs),1998-99: Sector-wise and District-wise**

Districts	Agriculture	Allied	NFS	OPS	NPS	All
Bagalkot	4.65	3.09	1.03	1.74	2.04	3.07
Belgaum	11.22	4.79	4.80	6.18	5.60	8.06
Bijapur	3.10	1.38	1.83	2.52	1.87	2.50
Dharwad	2.52	1.92	9.73	6.63	8.86	5.66
Gadag	2.15	1.71	1.36	1.93	1.51	1.85
Haveri	3.57	1.24	0.74	2.44	1.62	2.52
U. Kannada	2.16	3.17	2.61	8.34	3.35	3.55
Bellary	4.49	4.93	8.16	4.22	12.95	7.27
Bidar	3.71	2.63	0.50	1.58	0.34	2.07
Gulbarga	2.98	2.38	0.75	13.04	3.57	4.55
Koppal	1.81	1.77	0.40	1.43	1.15	1.43
Raichur	2.95	5.08	2.03	1.67	1.14	2.17
North Karnataka	45.31	34.09	33.94	51.72	44.00	44.71
StateTotal	100.00	100.00	100.00	100.00	100.00	100.00
Actual amount distributed (Rs.Cr)	2460.40	114.08	492.03	896.54	1656.25	5619.30

Note: Computed from taluk-wise data made available by NABARD for the year 1998-99.

20.9 Credit-Deposit Ratio:

30. Credit-Deposit ratio of banks may be taken as a proxy for assessing the role of banks in supporting the economy's investment activity. Table:20.9 furnishes the C-D ratio of banks in the districts of Karnataka as of 31st March 2001. It may be noted that C-D ratio is less than 60 percent (indicated by the RBI as a satisfactory level) in 8 out of 27 districts. Of these, five belong to South Karnataka (Bangalore Rural, Kolar, Tumkur, Dakshina Kannada and Udupi) and three to North-Karnataka (Belgaum, Dharwad and Uttara Kannada). C-D ratio among the districts ranges from as low as 20 per cent in Uttara Kannada to as high as 123 per cent in Chikmagalur. Details of Credit-Deposit ratio at the taluk-level as of March 2001 are presented in Annexure-20.2.

31. Suffice it to point out that the amplitude of fluctuations of C-D ratio at the taluka-level is more pronounced than that at the district level. It ranged from a meagre 13 per cent in Karwar taluk to a high figure of 333 per cent in Aland taluk. 58 taluks, is (31 taluks in South Karnataka and 27 taluks in North Karnataka), that is about 1/3 of the total taluks in the state operated below the general norm of 60 per cent indicated by the RBI. Of these, 32 have been identified as backward taluks (See Chapter.6 of this Report); this should help ponder over the role of banks or the lack of it in the development of these taluks. The fact that C-D ratio at the state level has registered a declining trend over the years from 91 percent in 1990 to 62 percent in 2000 (See Economic Survey 2000-01, Govt. of Karnataka, Appendix:7.1, P.A.7.2) and has increased but moderately to reach 64 per cent in 2001, does not throw up an optimistic picture in regard to the banking sector's role in meeting the credit needs of the State's economy.

32. Apart from the reluctance of banks, especially in the post-economic reforms period to be responsive to the demands of social concerns, led as they are in recent years by the so called virtues of economic viability and efficiency (as already mentioned) coupled with risk aversion, the problem of overdues has indeed been a constricting factor for the banks in expanding their role in rural credit. The overall poor recovery due to a host of political, economic, social and managerial factors as rightly pointed out earlier by the Expert Committee On the Stagnation of Agricultural Productivity in Karnataka during 1980s has added to the problem of providing fresh as well as increasing quantum of credit to the rural sector. The poor recovery performance under priority sector advances and various government sponsored schemes has reportedly resulted in high percentage of overdues.

20.10 Recovery of Loans and Advances:

33. As per the details collected by the Revenue Department, Govt. of Karnataka from Deputy Commissioners of the districts in the State, there are 80257 cases involving an amount of Rs. 66.92 Cr pending with the district administrations for effecting recovery. During the year 2000-01, the Revenue authorities at the district level are reported to have collected Rs. 8.98 cr in 7803 RC cases. It may be noted that the recovery performance varies across the districts (Table:20.10).

34. "The Government of Karnataka has enacted two recovery acts for facilitating the recovery of rural credit. However, the legal system has its own constraints in the speedy disposal of suit filed accounts. The establishment of the Debt Recovery Tribunal has been a

Table 20.9**Credit - Deposit Ratio in Karnataka District-wise, 2001**

Sl.No	District	C - D Ratio
1	Bangalore (U)	113
2	Bangalore (R)	56
3	Chitradurga	85
4	Davanagere	104
5	Kolar	55
6	Shimoga	72
7	Tumkur	59
8	Bagalkot	63
9	Belgaum	57
10	Bijapur	72
11	Dharwad	53
12	Gadag	77
13	Haveri	100
14	Uttara Kannada	20
15	Chamarajanagar	80
16	Chikamagalur	123
17	D. Kannada	46
18	Hassan	82
19	Kodagu	90
20	Mandya	77
21	Mysore	60
22	Udupi	33
23	Bellary	94
24	Bidar	101
25	Gulbarga	62
26	Koppal	99
27	Raichur	75
	Karnataka state	64

Source: District Lead Banks

Table 20.10
Recovery status: District-wise in Karnataka

District	Recovery from 1.4.2000 to 31.12.2000		Cases pending as on 31.12.2000	
	No. of Cases	Amount in Rs.lakh	No. of Cases	Amount in Rs. Lakh
Bangalore(Urban)	3	0.3	2075	132.36
Bangalore(Rural)	104	4.82	3477	194.47
Kolar	-	4.7	2503	29.21
Tumkur	86	18.72	5530	350.47
Chitradurga	26	1.4	1092	71.00
Shimoga	810	187.68	810	174.82
Davanagere	151	18.6	2305	91.48
Mysore	42	3.78	6291	365.04
Chamarajanagar	-	0.62	1019	88.39
Mandya	279	9.37	13122	745.16
Hassan	93	3.62	5244	220.20
Chickmagalur	77	10.07	3210	340.54
Kodagu	6	1.01	736	370.07
Dakshina Kannada	1438	24.53	565	94.44
Udupi	217	27.49	471	47.86
Bellary	340	75.38	6994	1159.47
Bidar	1	0.04	1117	77.35
Gulbarga	-	3.01	1340	218.29
Raichur	56	4.72	401	24.49
Koppal	98	86.27	878	196.90
Belgaum	1430	81.57	2173	168.36
Bijapur	-	57.84	1432	66.18
Dharwad	777	110.07	4149	432.56
Uttara Kannada	102	1.58	565	94.44
Bagalkot	41	191	2971	108.30
Haveri	960	95.52	4914	379.26
Gadag	666	63.01	4873	450.49
Total	7803	897.63	80257	6691.6

Source: Revenue Department , Government of Karnataka.

welcome step in expediting the legal process. Since the DRT considers only the suits of above Rs. 10 lakh, the Regional Rural Banks are not in a position to seek its assistance because of the small size of their loans. The State may explore the feasibility of establishing a separate bench of the DRT to take up the suit filed cases of Rs. 1 lakh and above.....”⁴

35. Although legal measures initiated by the Government of Karnataka in ensuring a better recovery of overdues are welcome steps in themselves, it needs to be appreciated that the problem of overdues, especially in the agricultural sector, has an altogether different dimension. Basically overdues may be attributed to two major factors: willful default of borrowers and inability/incapacity of borrowers to make the repayments on a regular and timely basis. While the borrowers who belong to the former category (for instance well off industrialists, large and medium farmers etc.) deserve to be tackled firmly and surely even with recourse to legal measures, if need be, the latter category (for instance, small and marginal farmers, agricultural labourers, petty business entrepreneurs) deserve a better appreciation of their difficulties and treatment by the authorities concerned.

36. Specific to agricultural sector, we have to look into the major causes for the arrears due from it. The DRT alone does not provide a remedy. The farmers face unexpected developments in the market places for their products since their markets are hostile and imperfect in the agricultural Sector. In the past two years, we have witnessed crash in prices of most of the agricultural commodities like paddy, jowar, ragi, coconut, cotton, areca, tur, oil seeds and even animal prices. The minimum support price policy is mostly confined to paddy, wheat, and sugarcane. No doubt in Karnataka, one or two more items may have been included for price support policy. But there is no adequate efficient mechanism for timely intervention, in terms of fixing the prices, lifting the arrivals, making quick payments, storage of surplus and its disposal in markets including other countries where the demand exists for these products. Consequently, it is the poor market framework and credit structure, which is proving to be a stumbling block, for generating adequate incomes to the producers so as to be able to repay the bank loans. Therefore, our Committee feels that an integrated agricultural banking policy taking note of special features of farming should be framed and implemented. This alone can provide a satisfactory solution both to the poor farmers and for the banks to extend agricultural credit.

37. Detailed breakup of overdues by regions (backward taluks, developed taluks, dry/rained areas, irrigated areas) and by category of borrowers (large/medium farmers, small and marginal farmers agricultural labourers) should help pinpoint the areas and causes for arrears. Accordingly, the problem of arrears has to be dealt with instead of having a blanket application of rules and procedures, legal measures, etc, uniformly across all categories of borrowers.

20.11 Need for more Regional Rural Banks and Branches:

38. While it is gratifying to note that there has been a significant step up in the banking net work in the State during the period 1975 to 1996, the persistence of regional disparities within it continues to be a source of concern. The districts in North Karnataka are relatively disadvantageously placed than those in South Karnataka in respect of the banking

4. Thingalaya, op.cit., p.5

net work. So also is the situation with regard to rural areas vis-a-vis urban areas. The wedge between estimates of credit requirements and estimates of credit availability especially in the rural areas reflects the intensity of efforts required by the banks to justify their role as development institutions. This role of banks needs a reiteration especially in the context of economic liberalization which seems to have distorted the priorities, preferences and performance of banks to the detriment of backward /rural areas. Several new developments, thanks to the new economic reforms in the economy, have the potential of constraining the role of banks in the development of backward/rural areas. These very developments ironically place an increased burden on the Regional Rural Banks to play a pivotal role in the development of backward/rural areas. What is wanted is a reassertion, rejuvenation and structural strengthening of Regional Rural Banks for this social cause. It is in this context that our Committee strongly recommends for creating five additional Regional Rural Banks in the state to ensure adequate credit spread and credit deepening in the rural areas.

39. It is also imminent that an integrated agricultural banking policy dovetailed to the special features of farming is formulated suggesting measures mutually beneficial to poor farmers and banks. State Level Bankers' Committee as well as District Level Bankers' Committee have to play a vital role in the implementation of this integrated agricultural Banking policy. There should be no hesitation on the part of the Govt. of Karnataka in restructuring the composition of these Committees if necessary, to ensure adequate flow of credit to the backward taluks and/or backward sectors.

20.12 State Level Bankers' Committee:

40. At present the Syndicate Bank convenes the State Level Banker's Committee and an Additional Chief Secretary represents the Government at such meetings. For the Committee to be more effective, in the past, the Chief Minister used to preside over the meeting. The main purpose is to make the participating Banks feel that the Head of the State is reviewing the credit flow in the State for which all commercial and co-operative Banks are participating and that the lending and the recovery positions could impress well on the Chief Minister so that the collaborative effort of the Government and the Banks could crystallize into the mutual support in framing credit policies as well as the recovery policies to ensure the re-cycling of Bank credit. This apart, if the Chief Minister presides over the meeting the Chairman and Managing Directors or the Executive Director of the concerned Bank if it has location outside Bangalore shall attend the meetings. This gives greater seriousness to the flow of institutional credit in the State, which goes to supplement the budgetary flows. In fact, the Heads of the commercial Banks have a feeling that when the Chief Minister himself does not take interest they need not bother to get involved in the credit flows for development in the State. It may also be recalled here that in the past few years institutional-finance-backed Development Plan in the State used to be bigger than the Budgetary-supported Development Plan, each year The Committee urges the Chief Minister to give a very high priority for the State Level Banker's Committee meeting and should be available to preside over that meeting so that maximum benefits from financial institutions can be secured through such inter-actions at the top level. This will be all the more appropriate when the Chief Minister himself holds the Finance portfolio. In case, where there is a separate Finance Minister, the Committees feels that both of them should attend the State Level Bankers' Committee meeting with the Chief Minister in the chair.

Annexure 20.1
Centres Recommended for Bank Branches

Sl_No.	DISTRICT	TALUK	LOCATION
South Karnataka			
1	Bangalore Rural (7 centres)	Ramanagaram	Akkur Sagganahalli
		Hoskote	Kadugodi Devanagudi
		Nelamangala	Somapura Sondekoppa
		Magadi	Thippegonadanahalli
2	Davanagere (9 centres)	Jagalur	Asagodu
		Harihar	Mindasgatte
		Channagiri	Tanigere
			Sringarabagu
			Maravanje
		Honnali	Madenahalli Varahattur
		Harapanahalli	Hukkeri Regimasalwada
3	Chitradurga (2 centres)	Molakalmuru	Bommadevanahalli Siddapura
4	Kolar (3 centres)	Gudibande	Beechaganahalli
		Malur	Alambadi Doddashivara
5	Shimoga (5 centres)	Shikaripur	Hithla Baganakatte
		Bhadravati	Hunsekatte Bandigudda
		Sorab	Sigga
6	Tumkur (8 centres)	Madhugiri	Kodalapura Chickadalavatta Kodagadala
		Pavagada	Mangalwada

Contd..

Annexure 20.1 (continued)
Centres Recommended for Bank Branches

Sl_No.	DISTRICT	TALUK	LOCATION
		Tiptur	Halkurki
		Sira	Magodu
			Sakkadadu
		Kunigal	Hangarhalli
7	Chickmagalur (2 centres)	Chickmagalur	Byravalli
		Tarikere	Hadikere
8	Hassan (5 centres)	Arasikere	Dummonahalli
		Arakalgud	Magge
		Alur	Mallapura
		Belur	Naganhalli
		Channarayapatna	Baladare
9	Mandya (11 centres)	K.R. Pet	Seelangere
			Vittalapura
		Maddur	Kadalur
			Doddarasinkere
			Bannahalli
		Srirangapatna	Kurabasettihalli
			Hebbadi
		Malavalli	Netkal
			Agasanapura
			Pandithahalli
			Madagandur
10	Chamarajanagar (2 centres)	Gundlupet	Ankahalli
		Kollegal	Kongarahalli
11	Mysore (8 centres)	H.D. Kote	Malavi
			Hadanur
		Hunsur	Harve
		Periyapatna	Gollarahosahalli
		Mysore	Kadakola
			Dharagalli
		K.R. Nagar	Kestur
		Nanjangud	Sathuru

Contd..

Annexure 20.1 (continued)
Centres Recommended for Bank Branches

Sl_No.	DISTRICT	TALUK	LOCATION
	<u>North Karnataka</u>		
12	Belgaum (28 centres)	Soundatti	Chickumbi Kallapur Hireullikgeri
		Raibag	Sultanpur Shittapur Itanal Alagawadi Byakud Hebbalwadi
		Ramdurga	Hirekoppa (K.S) Budnur
		Chikkodi	Korganolli Hattarwat Kuthali
		Athani	Mandagaon Kakmari Darur Gundewdi Babchi
		Gokak	Melavanchi Tigaddi Averadhi
		Hukkeri	Islampur
		Belgaum	Besur Kiniye
		Bailhongal	Kalabhavi Dodwal Vannur
13	Bijapur (9 centres)	Sindgi	Hippargi Bhantnur
		Indi	Miragi

Contd...

Annexure 20.1 (continued)
Centres Recommended for Bank Branches

Sl_No.	DISTRICT	TALUK	LOCATION
			Zalki
		Muddebihal	Hiremural Hullur Tumbagi Ingalagere Nebageri
14	Bagalkot (10 centres)	Badami Bagalkot	Halakurki Gadalamkeri Alur
		Bilagi	Korati Shiraguppa Honnihal
		Hungund	Marol Iddalgi Binjawadi
15	Haveri (12 centres)	Mudhol Haveri	Nagral Handganur Kulenur
		Hirekerur	Neswi Bullapur Tavargi
		Shiggaon	Ankadkhan
		Hangal	Makaravalli Sammaagi Baichavalli
		Savanoor	Hirewaddatti Kadkol
		Byadgi	Muttur
16	Dharwad (5 centres)	Hubli	Adargunchi Anchatgeri Mantur
		Kalghatgi	Malkankop

Contd...

Annexure 20.1 (continued)
Centres Recommended for Bank Branches

Sl_No.	DISTRICT	TALUK	LOCATION
17	Gadag (9 centres)	Navalgund	Basapur
		Nargund	Bhairatti
		Ron	Hedagalidambal
			Gogeri
			Asuti
			Benhal
			Hirimannur
			Advisampur
			Chebbi
18	Bellary (9 centres)	Gadag	Bardur
		Shirahatti	Sidiginamola
		Mundargi	Hampapatna
		Bellary	Kotehalsagur
		Hadagali	Sanavasapur
		Siraguppa	Kotalechinta
			Nadiri
			Sugginahalli
			Chirabi
			Bellighatta
19	Bidar (7 centres)	Humnabad	Mangalgi
		Aurad	Wadgon
		Basavakalyan	Hiregaon
		Bidar	Andur
		Bhalki	Balur
			Ambesangvi
20	Gulbarga (31 centres)		Dongapur
		Aland	Ambalga
			Sirurdurga
		Gulbarga	Allur
			Khamdal
			Kadri
			Bheemanahalli

Contd...

Annexure 20.1 (continued)
Centres Recommended for Bank Branches

Sl_No.	DISTRICT	TALUK	LOCATION
		Shahapur	Naika
			Mudhbole
			Hoyyal
		Shorapur	Hemnoor
			Munirbomnahally
			Hoyyal
		Afzalpur	Gudur
			Gorur
			Badadal
			Bhosga
		Chitapur	Monguta
			Petisirur
		Jevargi	Ganwaour
		Yadgir	Karengi
			Chinakhav
			Ramasamudra
			Duppalli
			Konlur
		Chincholi	Keswar
			Mogha
			Kallur Road
			Mangalgi
		Sedam	Betagera
			Habal
			Ranjoli
21	Koppal	Koppal	Yalamgere
	(11 centres)		Shivapura
			Budaguba
		Yelaburga	Muradi
			Tondihal
			Binhal
			Hireashihalli

Contd...

Annexure 20.1 (concluded)
Centres Recommended for Bank Branches

Sl_No.	DISTRICT	TALUK	LOCATION
22	Raichur (25 centres)	Kushtagi	Madapur
			Hirebonnigal
			Katapur
			Nilagal
			Singnodi
		Raichur	Chalta
			Medikinahal
			Nilgol
			Andihal
			Sarjapur
		Lingasugur	Kurdi
			Hirekotnakal
			Gudidinne (Khalse)
			Nakkunda
			Halapur
		Manvi	Kapgal
			Hiriraikuppi
			Anjal
			Kalligina Irabgera
			Jeeral
		Deodurga	Mukkampa
			Bennur
			Giniwar
			Salagunda
			Sirgapur
Gangavati	Pagadadinne		
	Rogalparvi		
	Urnoti		
	Hasmaskal		
Sindhnoor			

Note: **These centres were recommended for bank branches as far as back in 1975, by the Planning Department, Govt. of Karnataka, but are not having bank branches even now (1996).**

Annexure 20.2
C-D Ratio in Karnataka, Taluk-wise , March 2001

Sl.No	District	Taluk Name	C - D Ratio
1	Bangalore(U)	Anekal	68.01
2		Bangalore (N)	186.40
3		Bangalore (S)	66.94
			113.49
4	Bangalore (R)	Chennapatna	75.88
5		Devanahalli	47.82
6		Doddaballapur	57.20
7		Hosakote	56.83
8		Kanakapura	44.79
9		Magadi	61.96
10		Nelamangala	46.01
11		Ramanagaram	54.17
			55.53
12	Chitradurga	Challakere	71.11
13		Chitradurga	82.17
14		Hiriyur	105.91
15		Holalkere	105.76
16		Hosadurga	89.32
17		Molakalmuru	70.87
			85.37
18	Davanagere	Channagiri	170.36
19		Davanagere	105.07
20		Harihara	100.19
21		Harappanahalli	67.87
22		Jagalur	76.19
23		Honnali	107.63
			104.01
24	Kolar	Bagepalli	73.18
25		Bangarpet	48.46
26		Chickaballapur	65.36
27		Chintamani	43.95
28		Gowribidanur	38.73
29		Gudibanda	51.68

Contd...

Annexure 20.2 (continued)
C-D Ratio in Karnataka, Taluk-wise , March 2001

Sl.No	District	Taluk Name	C - D Ratio
30		Kolar	53.84
31		Malur	78.18
32		Mulbagal	70.58
33		Sidlaghatta	71.37
34		Srinivaspura	51.40
			54.70
35	Shimoga	Bhadravathi	84.20
36		Hosanagara	71.35
37		Sagara	58.65
38		Shikaripura	86.82
39		Shimoga	72.92
40		Soraba	70.20
41		Thirthahalli	61.15
			71.80
42	Tumkur	C.N.halli	86.41
43		Gubbi	74.54
44		Koratagere	54.92
45		Kunigal	73.22
46		Madhugiri	45.72
47		Pavagada	46.00
48		Sira	97.20
49		Tiptur	34.20
50		Tumkur	62.06
51		Turuvekere	58.27
			59.25
52	Bagalkote	Badami	73.90
53		Bagalkote	25.51
54		Bilagi	38.26
55		Hunagund	47.88
56		Jamakhandi	81.26
57		Mudhol	183.79
			63.07
58	Belgaum	Athani	94.65
59		Bailhongala	57.31
60		Belgaum	34.24
61		Chikkodi	81.96
62		Gokak	69.91

Contd...

Annexure 20.2 (continued)
C-D Ratio in Karnataka, Taluk-wise , March 2001

Sl.No	District	Taluk Name	C - D Ratio
63		Hukkeri	43.15
64		Khanapur	107.48
65		Raibagh	120.78
66		Ramdurg	97.99
67		Soundatti	127.36
			57.25
68	Bijapur	B bagewadi	62.78
69		Bijapur	63.59
70		Indi	111.84
71		Muddebihal	58.97
72		Sindgi	107.12
			71.50
73	Dharwad	Dharwad	40.36
74		Hubli	52.30
75		Kalghatagi	93.66
76		Kundagol	144.82
77		Navalgund	127.84
			53.42
78	Gadag	Gadag	56.90
79		Mundaragi	86.00
80		Naragund	165.80
81		Ron	92.34
82		Shirahatti	114.86
			77.00
83	Haveri	Byadagi	104.52
84		Haveri	109.63
85		Hanagal	111.85
86		Hirekerur	97.82
87		Ranebennur	74.89
88		Savanur	117.45
89		Shiggaon	133.62
			100.03
90	Uttarakannada	Ankola	17.92
91		Bhatkal	16.27
92		Haliyal	28.08
93		Honnavar	18.68
94		Karwar	12.74

Contd...

Annexure 20.2 (continued)
C-D Ratio in Karnataka, Taluk-wise , March 2001

Sl.No	District	Taluk Name	C - D Ratio
95		Kumta	13.78
96		Mundagod	44.91
97		Siddapur	44.96
98		Sirsi	20.47
99		Supa (Joida)	25.80
100		Yellapur	32.90
			20.27
101	Chamarajanagar	Chamarajanagar	97.79
102		Gundlpet	96.19
103		Kollegal	53.89
104		Yelandur	98.23
			79.97
105	Chickamagalore	Chickamagalore	149.67
106		Kadur	78.13
107		Koppa	90.53
108		Mudigere	179.28
109		Narasimharajapura	137.72
110		Sringeri	38.13
111		Tarikere	84.05
			122.76
112	D. Kannada	Belthangadi	73.72
113		Buntwal	48.00
114		Mangalore	41.72
115		Puttur	59..73
116		Sullya	82.60
			46.40
117	Hassan	Alur	82.49
118		Arakalgod	70.97
119		Arasikere	82.49
120		Belur	77.79
121		Channarayapatna	82.49
122		Hassan	82.49
123		Holenarasipura	82.49
124		Sakaleshpura	88.28
			82.03
125	Kodagu	Madikeri	100.78
126		Somwarpet	79.40

Contd...

Annexure 20.2 (continued)
C-D Ratio in Karnataka, Taluk-wise, March 2001

Sl.No	District	Taluk Name	C - D Ratio
127		Virajpet	87.86
			90.19
128	Mandya	Krishnarajpet	59.46
129		Maddur	93.25
130		Malavalli	43.00
131		Mandya	94.47
132		Nagamangala	42.55
133		Pandavapura	101.91
134		Srirangapattana	70.34
			77.35
135	Mysore	H.D.Kote	77.90
136		Hunsur	69.29
137		K.R.nagar	59.80
138		Mysore	56.92
139		Nanjanagud	68.97
140		Periyapatna	101.38
141		T.narasipur	77.22
			59.83
142	Udupi	Karkala	30.26
143		Kundapur	45.69
144		Udupi	1.49
			33.49
145	Bellary	Bellary	80.24
146		Hadagalli	112.16
147		H.b.halli	87.65
148		Hospet	103.79
149		Kudlugi	103.33
150		Sandur	62.85
151		Siriguppa	194.17
			94.17
152	Bidar	Aurad	101.01
153		Basavakalyan	101.00
154		Bhalki	98.99
155		Bidar	102.00
156		Humnabad	100.99
			101.30
157	Gulbarga	Afzalpur	167.70

Contd...

Annexure 20.2 (concluded)
C-D Ratio in Karnataka, Taluk-wise, March 2001

Sl.No	District	Taluk Name	C - D Ratio
158		Aland	333.41
159		Chincholi	119.50
160		Chitapur	36.51
161		Gulbarga	52.67
162		Jevargi	151.82
163		Sedam	53.74
164		Shahapur	63.99
165		Shorapur	93.12
166		Yadgiri	59.13
			62.25
167	Koppal	Gangavathi	143.33
168		Koppal	72.79
169		Kushtagi	71.84
170		Yelburga	78.72
			99.06
171	Raichur	Devdurga	64.71
172		Lingsugar	54.76
173		Manavi	137.11
174		Raichur	50.06
175		Sindanur	151.26
			74.97
	Karnataka State		64.01

Source: District Lead banks.