

## Co-operatives in Karnataka

Karnataka has been in the forefront of Co-operative endeavours and has produced several outstanding cooperatives. Sri Siddanagouda Sanna Ramanagouda Patil organized the first Agricultural Credit Coop. Society in 1905 in the village of Kanaginal in Gadag District.

The Cooperatives in Karnataka have the following fundamental objectives and principles

- 1) To inculcate the spirit of cooperators among the people in the State
- 2) To encourage people to promote cooperatives on a voluntary basis
- 3) To ensure that the cooperatives are formed and function on democratic principles
- 4) To ensure that the cooperatives in the state enjoy maximum autonomy
- 5) To ensure that the cooperatives are accountable to members
- 6) To ensure that the cooperatives function as useful instruments to bring about sustained improvement in the quality of life of their members.
- 7) To ensure that the cooperatives function as instruments for poverty alleviation and for the uplift of weaker sections of the society in order to pave way for establishing an equalitarian society
- 8) To encourage cooperatives to emerge as self supporting, economic service- oriented business concerns
- 9) To encourage cooperatives serve as multifunctional units
- 10) To encourage efficient deposit mobilization
- 11) To encourage efficient deployment of human resources
- 12) To achieve financial gains and to put mutual aim ahead of private interest
- 13) To provide equal opportunities to all the members
- 14) To encourage cooperatives to emerge as peoples bank
- 15) To prevent misuse by cooperators
- 16) To ensure independent audit
- 17) To infuse professionalism in the management
- 18) To serve towards national objectives
- 19) To have Cooperators among the Cooperatives

### Initial Stages of Co-operative Movement

The Co-operative Movement in the old Mysore area was first introduced in 1905 when the first Mysore Co-operative Societies Act was passed. The progress of the movement was slow up to 1910-11. However, in the course of the next few years, there was rapid development. There were 111 societies with a membership of 9,043 and a working capital of Rs.3.71 lakhs at the close of 1910-11. By the end of financial year 1914-15, there were 725 societies with a membership of 56,267 and their working capital went up to Rs.30.85 lakh.

### Need for a Separate Provincial Bank

During the period when the Co-operative Movement was introduced, the need for an Apex Bank to finance the societies was not felt since most of the earlier societies, which were started, were non-agricultural societies and they were carrying on their activities out of the meager resources raised by them. But after the year 1910-11, the number of societies increased and at the end of the year 1914-15, there were 725 societies and out of which 661 were agricultural credit societies.

With the increase in the number of societies, the need for starting a special agency for financing the societies arose. As already indicated above, the Bangalore Central Co-operative Bank was already in the field and was financing some societies to a small extent. Subsequently, however, another institution more or less similar in nature with the jurisdiction of Mysore District called the Mysore District Co-operative Central Bank was registered. This was followed by another type of institution known as "Unions", which was designed to work as a permanent link between the primary societies at the base and the central bank at the top. The jurisdiction of the unions extended over a taluk and their main functions were to mainly inspect and supervise the co-operative societies in the taluk and also to finance them partly by raising deposits and partly by borrowings from central banks. But since their utility to the movement as a whole was far from satisfactory on account of their limited area of operations and lack of resources, the "Unions" were wound up in the next few years by an order of Government in December 1924.

### Starting of the Provincial Co-operative Bank

Against this background, the Mysore Provincial Co-operative Bank came into existence. Though this Bank was registered on 10-11-1915, it actually commenced its work in 1916. The Bank was started with the objective of financing, inspecting and supervising the co-operative societies in the Mysore State. Subsequently, several district co-operative central banks with the jurisdiction of a district were registered. Five such district central banks were started. But their working was not satisfactory and they became defunct. As such, the provincial bank started financing the societies directly. Besides, granting of loans, the Bank served as an outlet for investment of the surplus funds of the co-operative societies in the State. The Bank thus began acting as the balancing centre of the Co-operative Movement in the State, safeguarding its interests.

### Reorganization of Provincial Co-operative into an Apex Bank

As already stated above, there were two provincial co-operative organizations working on similar lines and with the same

aims and objects, namely (1) The Mysore Provincial Co-operative Bank, (2) Bangalore Central Co-operative Bank. This was an anomaly, which led to mutual competition unnecessarily in the matter of financing of co-operative societies. In order to remove this anomaly and to have only one institution as an Apex institution exclusively for financing the co-operatives in the State, the Government appointed an Enquiry Committee known as the Mysore Co-operative Enquiry Committee, 1920-22 presided over by Mr Lallubhai Samaldas. The Committee after reviewing the position of these two banks, made the following three alternative recommendations to the Government.

a) To amalgamate the Mysore Provincial Co-operative Bank and the Bangalore Central Co-operative Bank.

b) To create a new Apex Bank.

c) To convert the Central Co-operative Bank into an urban bank dealing only with the individuals and to reorganize the Provincial Co-operative Bank into a new Apex Bank.

The Bangalore Central Co-operative Bank opposed the amalgamation with the Provincial Co-operative Bank. Thus, the creation of a new Apex Bank was out of question. The Government therefore accepted the third suggestions made by the Committee.

Accordingly, the Government passed orders on 14/15.9.1925 permitting the Mysore Provincial Cooperative Bank to get itself converted into an Apex Bank with the jurisdiction extending over the entire State for financing the co-operative societies exclusively and the Bank thereafter was named as the Mysore Provincial Co-operative Apex Bank Ltd., popularly known as "Apex Bank".