Chapter - III

Banking Development in Dakshina Kannada and Udupi Districts
In the previous chapter, we have carried out a study on theoretical aspects of Non-Performing Assets, Causes for mounting over dues, Prevention of NPA and Recovery measures of banks and the related issues were discussed. In the present chapter, a detailed discussion regarding the Banking Development in Dakshina Kannada and Udupi Districts, Profile of Dakshina Kannada and Udupi Districts is presented.

The genesis of Indian banking can be traced to the indigenous bankers and moneylenders, who were operating in India for many centuries, usually combining the business of banking with some other commercial activities. The modern banking concepts were introduced in India by the British businessmen and the first modern bank to operate in India was The Bank of Hindustan established in Kolkata in 1770. Since then the banking industry has grown in size and stature, to be recognized by the world, as resilient and strong. Before we peep into the future of this industry, let us travel down memory lane, to see how this industry traversed to where it is today.

After independence, India adopted the socialistic pattern of society and for this purpose it was considered necessary to direct credit uniformly to all sectors of the economy, especially the neglected sectors. Hence it was necessary for the policies of the banks to complement the policies of the government. A regulated banking industry was the only solution. Hence, the banking companies were brought under regulation for the first time in 1949. This regulation gained momentum with nationalization that saw rapid branch expansion, when banking was taken to the masses. While the many benefits of nationalization cannot be denied, critics opine that, ineffectiveness and inefficiency crept into the banking sector during this period, mainly due to lack of competition. Focus on profitability at that time was considered as non adherence to government policies and banks zealously put in efforts only to increase their branch network and their deposit base.

The macro economic crisis faced by the country in 1990 was converted into an opportunity, and the reform agenda was pushed, paving the way for extensive financial sector reforms. The Narasimham committee set up for this purpose suggested sweeping changes in the banking sector including deregulation and acceptance of the Basel Accord for Indian banks. Further the prudential accounting
norms for classification and provisioning of non-performing assets were also introduced. Technology entered the portals of banking and suddenly the dull and monotonous banking environment became lively with posh interiors and courteous service. New and exciting banking products were introduced.

All the banks, be they in the private or the public sector, have so far done well, to adapt themselves to the new business environment. The protective umbrella provided by the regulator to inefficient operations has been removed. Banks balance sheets are now more transparent. Conventional banking paradigms have become redundant.

The annual composite rate of growth in total assets of the scheduled commercial banks was around 16.7% during the year 1994-95 to 2002-03. Taking into account the ongoing reforms, the pace of expansion is expected to slow down as more and more banks aim at consolidating their position. Hence the growth in assets is projected at 13.4% from 2002-03 to 2009-10. While the net interest margins for the industry are expected to decline, the net interest income would keep growing, due to increase in the volume of credit off take.

During the last ten years, there has been a shift towards universal banking, with banks becoming one stop shop for all financial products, including loans and deposits, mutual funds, depository services, insurance products, credit cards, investment banking, merchant banking and the like. The range of products and services available with the banks are varied like the ATM, credit and debit cards, mobile banking, phone banking, internet banking, cash management products, custodial services, depository services and derivatives. The credit and debit cards transactions have seen more than 100% year to year growth in spite of which, there are less than 0.04 cards per bankable population in India, as against 1 in Singapore and 3 in South Korea. Similarly though the ATM network has increased manifold, from 1100 in 1999 to about 16000 by December 2005, here too the penetration is below when compared to the other developing countries. We can expect these numbers to change exponentially in the coming years.

Banks as financial intermediaries have always been exposed to various risks. In earlier times, the banks were faced with only the default risk of their borrowers. But now there are various other risks, such as the market risk arising out of changes in the market variables and the operational risk arising out of failure of systems, processes and people. Risk Management has, therefore, emerged as a new and
challenging area in banking. The guidelines issued by the Basel Committee on Banking Supervision have been adopted by RBI for implementation, and Indian banks are today facing the daunting task of aligning their systems and capital to meet the underlying risks in their balance sheets. This will remain a major challenge for bankers in the coming days and product pricing can expect to become more of a science than an art.

Non-performing assets, the bane of the Indian banking industry, are still occupying the prime position in the minds of the bankers. Since the adoption of the prudential norms, banks have been able to reduce the gross and net NPAs. As a result of the awareness and efforts, the net NPAs as a percentage of total assets of banks have declined. In absolute terms too, Asset quality continues to improve due to recoveries being executed by the Securitisation Act, Debt Recovery Tribunals, one time settlements and Corporate Debt Restructuring. Inspite of all this, banks cannot afford to lose sight of their non performing portfolio, as they do not yield any return but eat into the earnings since there is a need for provisioning. Apart from this banking sector faces new challenges in the field of HR Development, new challenges in the form of competition and consolidation.

Human Resources Development: A banker is slowly emerging as a specialist. The flight of such employees from any organization can cause serious problems, as they are difficult to be replaced. The old generation banks both in the Public Sector and Private Sector are facing competition from new generation banks. The management of such banks, on the one hand need to recruit the best talent and on the other retain their existing talent. Therefore, human resources development has to be given a serious thought and banks have to devise methods of coping with this challenge. In the coming days, issues relating to industrial relations, recruitment, selection, performance appraisal systems and training infrastructure will have to be aligned to meet the present day challenges.

Banks are faced with stiff competition in the market, thanks to deregulation. It is an undisputed fact that, the public sector banks still have a lot of strength because of their national presence. Yet, the private sector banks, especially the new generation banks, are most certainly giving them a run for their money. Even with a share of just around 20% of the total domestic banking industry, these private sector banks led by 7 new generation banks seem to be leading from the front, be it Corporate, Retail, SME or even the rural sector. In 2005-06, the total assets of the
private sector banks grew by 32%, while in comparison the 27 public sector banks could record a growth of only 13%. The strength of these new generation banks is their solid IT platforms, risk management techniques, quality data bases and high quality human resources handpicked from the best institutions. As the coming years see these banks consolidate their positions, the old generation banks, in both the public and private sector, will be forced to pay more attention to upgrading skills and overhauling procedures.

Consolidation would be another key area. With further liberalization, competition will get tougher and consolidation may become inevitable. A majority of these mergers had taken place at the behest of the Government, forced out of compulsion to bail out a sick bank and in most of the cases the decision was not commercially viable. The consolidation we expect to see in future would be market driven, enabling banks to create synergies by leveraging their combined strengths, rationalizing the branch network and achieving economies of scale.

The fear is not unfounded. Without the regulatory framework such merged entities can grow into big conglomerates, detrimental to the interest of the customers. Yet the future banking will have to learn to live with the situations and face this challenge.

PROFILE OF DAKSHINA KANNADA DISTRICT

HISTORICAL BACKGROUND

Initially Dakshina Kannada formed an integral part of the Madras Presidency and got bifurcated in 1860, Dakshina Kannada remained with the Madras Presidency till the States reorganisation on November 1st 1956 when it became part of the Mysore State (now Karnataka). The District was further bifurcated into Udupi and Dakshina Kannada districts in August 1997.

- PHYSICAL AND GEOGRAPHICAL FEATURES

The district has been reckoned for location of historical places, entry points for independent movements, picturesque spots and religious centers. The district is cradling a number of national level leaders who took important role in shaping our country. The district embodies a number of religious centers like temples, churches and mosques. Among the temples Sri Manjunatheshwara Temple at Dharmasthala, Kukke Subramanya and Sri Durgaparameshwari Temple at Kateel have lakhs of
MAP OF DAKSHINA KANNADA
devotees who visit them each year. The developmental activities taken up by Sri Dharmasthala temple under various trusts in the field of education, health, rural development, restoration of dilapidated temples etc., are exemplary in the entire country. Likewise the Reserved Syed Madani Mosque of Ullal has large number of followers and extends several socio-economic facilities.

The district has two geographical regions namely,

1. The coastal region consisting of Mangalore taluk with a coastal line of 60 kms.
2. The Malnad region consisting of Belthangady, Puttur, Sullia and Bantwal taluks.

The District is located in the Western Coast of Karnataka lying between 12.27' and 13.58' north latitude and 74.35' and 74.4' east longitude and is bounded by Udupi in the north, Chickmagalur and Hassan Districts in the East, Coorg District and Kerala State on the South and Arabian Sea in the West. The total area of the District is 4866 sq.kms. Kannada, Tulu, Malayalam and Konkani are the languages spoken in the District.

The District embodies mostly sandy soil along the coastal belt and laterite in other parts characterised by high iron and aluminum contents. The valleys and ravine bases to the east of the coastal region contain rich alluvial soil. The water retention capacity of the soil is poor. The soil is suitable for growing paddy, coconut, areca nut, banana, cocoa, and rubber. The soil is deficit in lime, phosphate and other nutrients due to excessive leaching. Most of the high plain of the interior District are endowed with laterite rocks which are mostly used for the construction of buildings within and outside the District.

ADMINISTRATIVE DIVISIONS

For the administrative convenience, the district has been divided into 5 taluks namely, Sullia, Puttur, Belthangady, Bantwal and Mangalore, with 2 sub divisions at Mangalore and at Puttur. After the introduction of Panchayath Raj System in the state, the District has been administered by Zilla Panchayath at District level, Taluka Panchayath at Taluk level and 206 Grama Panchayaths. The total number of villages in the District is 371.
CLIMATE AND RAINFALL

The climate varies with the different parts in the district. It is humid and hot along the coastal region, cool in the ghat region. The average temperature ranging from 16.7 degree C during winter and 37.8 degree C during summer. Dakshina Kannada is blessed by nature with certain and bountiful rains. The average rainfall in the district is 4040 mm over 126 rainy days. The eastern part of the district receives more rains when compared to the coastal strip. Most of the agricultural activities are undertaken during the rainy season.

ECONOMY

Dakshina Kannada, the cradle of 5 Commercial Banks, is predominantly Agriculture based District. Farming is thus the main occupation, followed by fishing activity in the coastal areas. The other subsidiary occupations include Animal Husbandry and food based minor cottage industries. Of late, Sericulture is also being developed in certain areas. Trade and commerce in the District, however, are at a fairly higher level. In the recent year’s industrialisation has taken place in the district with Mangalore Chemical and Fertilizer, CAMPCO Chocolate factory, Mangalore dock, MRPL, and scores of tile, cashew, fish and canning factories, with other medium and small scale industries coming into existence. There are proposals to set up a Special Economic Zone and few more new industrial units in the District. With these units coming up in the next 2 to 3 years, it will not only boost the Economy of the District, but also throw new vistas for industrial development of the region, as they are expected to generate a number of ancillaries, small and medium industries besides opening up tremendous scope for employment. With the establishment of other industries, the traditional agricultural image of Dakshina Kannada is likely to undergo a change. The beedi rolling, one of the major home industries of district, employs over 6 lakh people with estimated manufacture of around 27 crore of beedi sticks a day, covers around 17% of the country’s total production. A number of products manufactured in the district like cashew kernel, frozen sea food, tiles, granite slabs, wall clocks etc., are exported to earn foreign exchange. Mangalore is the important port town of Karnataka State through which the Agriculture Produce, Plantation and industrial products are being exported. The new Mangalore port, one of the major all weather ports of the country has been receiving bigger vessels from various countries. Further, the National Highway on west Coast, the Konkan
Railway are sure to reorient economic links to the District with the more developed Port towns of Bombay and Goa and also the Mangalore-Bangalore Broad gauge.

**POPULATION AND OCCUPATIONAL STRUCTURE**

The population of the district as per 2001 census is 18,96,403 consisting of 9,37,651 males and 9,58,752 females. The Scheduled caste and Scheduled tribe population accounts for 10.9 percent (of which ST was 3.9 percent). Rural population accounts for 11.68 lakh and urban population 7.29 lakh. The density of the population is 416 per sq. km. Mangalore taluk is thickly populated with the density per sq.km being 910 and Sullia Tq. having least density of 151 per sq.km. The concentration of working population (2001) is more in Taluks of Mangalore (395311) and Bantwal (199424) due to industries and various projects located there. The concentration of non working population is also higher in Taluks of Mangalore (487545) and Bantwal (1,62,130). There are 40757 persons registered with the District Employment Exchange, Mangalore of which 11264 candidates are matriculates and 4698 are graduates.

**INFRASTRUCTURAL FACILITIES**

The District has well-knit Motorable Roads with total length of 3,580 kms. Almost all the villages have the connection to all weather roads, fair weather roads, kachha and non motorable roads. The length of the National Highways No.17 and 48 passing through the District is 42 kms and 96 kms respectively.

There are about 1,38,363 registered vehicles in the district. The district is connected by Railway lines. The total length of railway line passing in the District is (including Konkan Railway) 138 kms. The Airport at Bajpe serves the needs of the industry and commerce of the district. The district is well served by port facilities but the rivers in the district are not navigable, both in summer and monsoon. During the summer there will not be much water in rivers except where the rivers join the seas and during the monsoon the rivers will be swift with strong current making navigation risky. However, there are few pockets where people travel through country boats. The District has the services of the TV transmission centers situated at Mangalore, Bantwal and Puttur.

Literacy is found to be fairly high in the District (95.9%) in the age group of 6 to 40 years. The District has been declared as totally literate District. There are 152
lower primary schools. 1,136 higher primary schools, 281 high schools, 84 Junior colleges, 37 technical colleges, 6 polytechnics, 3 law colleges, 7 Engineering colleges, 5 medical colleges, 4 dental colleges and a number of other professional colleges. The health facilities are adequately developed. The District has 6 hospitals, 68 primary health centers primary health units, 433 sub-centers and 18 family welfare centers with total bed strength of 1,674. This is besides the total bed strength of 3,105 available in private hospitals. Each village in the district has a qualified Private Medical Practitioner. There are 333 telegraphic offices and over 95,415 telephones are in use in the District. All the villages in the District have been provided with telecommunication facilities and almost all Panchayat Headquarters are on STD hookup.

**LAND USE AND AGRICULTURE**

The total geographical area of the district is 4, 77,149 hectares, out of which 1, 62,238 hectares is the net cultivated area. An area of 1, 18,889 hectares is barren and land put to non agricultural use. About 84,544 hectors can be made available for cultivation, grazing and minor crops. Though the district has 4 perennial rivers and number of streams and riverslets there are no major irrigation dams and as such farmers depend on private wells and Govt. ponds. The peculiar condition in the district is that the abundant water in the rivers and riverslets received due to heavy rainfall drains into the Arabian sea without being utilised as there are no facilities for storing the monsoon flow. Efforts are being made by farmers and development agencies to store the abundant surface flows and the North-East Monsoon rain water by constructing/repairing vented dams and salt water exclusion dams.

The utilisation of irrigation water is fair, efficient and the farmers in the 3 taluks of the district have exploited the ground water source to its full level, kharif is the major cropping season in the district and paddy crop is grown all over the district.

In certain areas the ragi crop is grown with water available from north east monsoon and summer crop only wherever lift irrigation facility is available especially in Bantwal Taluk. The yield of Paddy crop varies between 20 to 45 quintals per hector under varied level of intensive cultivation. The other crops grown are Groundnut and Gingely mostly in Bantwal and Belthangady taluks. Pulses like horse gram, green gram and beans are grown in all the taluks. Sugar cane crop is
Extension facilities for soil testing, training facility for agriculture, demonstration, usage of fertilizers, distribution of seeds and fertilizers are being organised in the district. There are two seed production units at Mangalore and Belthangady. The IndoJapan Agricultural Extension training sub Centre at Belthangady where the farmers are taught about the improved rice cultivation practice under Indo-Japanese Extension training centre has also been established. The Central Arecanut and Cocoa Marketing and Processing co-operative Ltd(CAMPCO) handles about 2.5 lakh quintals of arecanut valued over Rs.100.00 crore, besides over 75,000 quintals by a cocoa processing and chocolate factory at Puttur at an estimated cost of over Rs.12 crore and is the largest factory in South Asia. The factory has licensed capacity of 8800 MT and the installed capacity is around 13000 MT. In the district, horticulture development work was taken up as early as in 1960 with an object of developing crops like pepper, cashew, coconut, arecanut pineapple, mango, vegetables etc. The area under these crops has gradually increased thereafter. As an intercrop in the arecanut plantations, banana, pepper and cocoa are grown extensively in Sullia, Puttur and Belthangady Taluks. Cultivation of cardamom a lucrative spice, is also being attempted in the said 3 taluks. Rubber plantation another extensively grown commercial crop has picked up in Sullia, Puttur and Belthangady taluks with Rubber Board extending liberal assistance to the growers. Other major commercial crop grown in the district is arecanut covering an area of 21,360 hectares and yielding an annual production of 25,645 tones. The average yield per hectare is 14.63 qtls. Over 1070 hectares of cocoa plantation has been developed in the district.

The cocoa crop is grown as an intercrop in the existing plantations of arecanut and coconut. There is scope to increase cocoa production to 5000 MTs, if the entire existing plantations of arecanut and coconut is used for development of cocoa cultivation as intercrop. About 38 million coconuts are produced annually in 12576 hectares of coconut crop in the district. Coconut is used not only for domestic consumption, but also extraction of coconut oil and for the manufacture of desiccated coconut. Coconut fibre is another commercial product available but there are very few units engaged in the processing of coconut fibre in the district.

Another important cash crop cultivated in the district is cashew. The District accounts for 26843 hectares under cashew cultivation. Though there has been
significant increase in the plantation area, the yield of cashew nut from the trees has not been substantial. The average annual yield is around 2 kg per tree. In order to give impetus to cashew cultivation, processing and developing, the University of Agricultural sciences has established a cashew Research Centre in Ullal. Under the World Bank Aided India Cashew nut Project, the small holder component has covered an additional area of nearly 10000 hectares under cashew plantation and 9100 beneficiaries have been benefited.

ANIMAL HUSBANDRY

Livestock management is an important allied activity in the district without distinctive breed of cattle or Buffalo. The native cows and buffaloes are diminutive in size with stunted growth and definite breed characteristics. In order to upgrade the cattle, artificial insemination centers have been set up in all the veterinary dispensaries operating in the district. To support market facility to farmers, the Karnataka Milk Federation (KMF) operates a Dairy Unit in Mangalore with procurement and processing of the dairy milk upto 2.00 lakh liters through 166 Primary Milk Producers Co-operative Societies. KMF has continuously enlarged its operation by taking over many private milk supply routes. The District Fodder Development Centre at Koila was established to conduct trial and demonstration of fodder production. However the animal population in the district is 4.21 lakh with cross breed animals constituting around 10% of total cattle.

The South Canara District Poultry Producers Marketing Society, Mangalore is actively engaged in the development of Poultry farming in the district. Nearly 4.06 lakh eggs are produced daily in the district. The sheep population is insignificant in the district due to heavy rainfall. Piggery is gaining momentum in the district and of late offers excellent scope for its development. Considering the demand and supply of meat and egg, these activities throw vast scope for development. Though the government has initiated steps under operation flood to increase the milk yield, the total production in the district is not able to meet the demand for milk.

It is expected that the number of cross-bred cattle might increase considerably during the next five years on account of ambitious programmes of KMF and the Zilla Panchayath in upgrading the animals by artificial insemination and other programmes. The concerned co-operatives are providing support to procure good quality animals from outside the district and distributing the same to
the general public. Under the livestock sector goats and pigs have a population of 16700 and 16300 respectively which is picking up faster and expected to double in a few years in the district. In the recent years, rabbit rearing is also catching the attention of some of the progressive farmers and entrepreneurs. There is good demand for rabbit meat and the skin.

FISHERIES

The coast of Dakshina Kannada district is considered as one of the richest in the country in respect of fish catch. The important varieties of fish in the District are Mackerel, Oil Sardines, Sharks, cat fish and Prawns. Around 18000 people are engaged in fish catching and other allied activities. Presently, there are 19 cold storage centers, 41 ice plants, 28 frozen storages. The inland fishing is another upcoming activity in the interior of the district with extension support from the fisheries department.

SERICULTURE

The District offers scope for Sericulture to a limited extent. At present about 269 hectares of the area is under mulberry cultivation undertaken by about 935 families. Sericulture activity is concentrated in Belthangady, Puttur and Bantwal taluks. There are two silk farms for production of seed cocoons, one grainage for the production and supply of silk worm eggs and a notified Government cocoon market for selling the produce of the farmers. The success of many farmers in Sericulture in the recent years may attract many more farmers to Sericulture farming. The Cocoon production in the district is around 3.55 tons worth Rs.5.34lakhs.

INDUSTRIAL DEVELOPMENT

The Karnataka Industrial Area Development Board (KIADB) is developing and allotting industrial land to prospective entrepreneurs in the district. The Board has already acquired and allotted the required area to the intending entrepreneurs. The Karnataka State Small Industries Development Corporation (KSSIDC) is involved in construction and allotment of industrial sheds besides supply of raw materials. It also provides marketing assistance through its sister concern KSIMC. There are 465 factories in the District employing about 34315 workers. There are two industrial estates in Mangalore (Yeyyadi & Baikampady) spread over 1000 hectares of land with constructed sheds of various types. Industrial estates are also
being developed at Belthangady, Sullia, Puttur and Bantwal. These plots/sheds are available for the entrepreneurs willing to start SSI Units and Mangalore has been eligible for maximum incentives and concessions from the Government. There are 21 large/medium scale industries, over 8785 registered small scale industrial units, 680 unregistered SSI units, besides good number of artisans and Khadi & Village industries in the District. Beedi rolling is one of the major cottage industries. There are about 100 types of beedies manufactured under 12 major brands. This industry provides employment to about 6 lakh persons in the District.

There are 31 training institutes run by the District Industries Centre, where the rural artisans are trained with improved techniques especially in carpentry, weaving, blacksmith and rope making and so on. A training centre at Belthangady, has been established where the entrepreneurs are taught about carving on stone. The Rural Development and Self-employment Training Institute at Ujire and other institutions at Pakshikere, Koila, Moodabidri and Vamanjura also impart basic training to start not only industries but also animal husbandry, service and business ventures. Apart from these, government departments are running training centers in industries, services and agricultural activities.

BANKING FACILITIES

The district has the unique distinction of being the birth place of three major Nationalised Banks like Canara Bank, Vijaya Bank, Corporation Bank and one leading private sector bank viz Karnataka Bank Ltd. Dakshina Kannada has always been a better banked district. On account of vigorous branch expansion programme, average population per branch has come down to about 5000, the best in the country. However, during 90's only a few branches were opened compared to the previous decade. Apart from Syndicate Bank, the lead bank of the district, there are large number of commercial and co-operative Banks as well in the district, besides a RRB. The number of branches of Nationalised and private sector commercial banks include that of RRB is 393. There are 117 primary agricultural societies. Adequate number of bank branches have been opened in all the 5 blocks, maximum number being in Mangalore block (236 branches) and the minimum in Sullia block (30 branches). The major banks operating in the district are: Vijaya Bank (67 branches) Syndicate Bank (69 branches) Canara Bank (46 branches), Karnataka Bank Ltd (33 branches) and Corporation Bank (36 branches). The Commercial Banks, RRBs and
the co-operatives are evenly spread in the rural areas. Karnataka State Financial Corporation has its branch office at Mangalore. Besides these there are many non banking financial companies and other Private sector banks in the district to tap deposits and to extend advances for the priority sectors.

Dakshina Kannada is well equipped with all banking facilities and the people are well aware of the various schemes, both under deposits and advances. The district is blessed with considerable foreign deposits under NRI accounts. The NRI deposits constitute over 26 percent of the total resources of all banks taken together.127

PROFILE OF UDUPI DISTRICT

Udupi is one of the 7 Districts that came into existence on 25th August 1997. Udupi is carved out of the erstwhile D.K. District with 3 Taluks namely Udupi, Karkala and Kundapura. There are two distinct geographical regions in Udupi District.

* Coastal region consisting of Western part of Kundapur and Udupi Taluks with coastal line of about 98 KM.
* Malnad region consisting of North Eastern Block of Kundapur, Udupi and whole of Karkala Block.

Udupi District with an area of 3575 Sq. Km. constitutes for 2.04% of total geographical area of the State. The district is dotted with historical places, picturesque spots, well known religious centers and educational institutions.

SOIL: Soil of the district is sandy in coastal areas and laterite elsewhere characterised by high iron and aluminium contents with pockets of rich alluvial soil in the valleys and ravines. The district has a large ghat section with thick forest cover accounting for 26% of the total geographical area. Udupi district is blessed with good rainfall through the South West monsoon.

CLIMATE: Udupi District has varied climatic zones which is humid along the coastal region, cool in ghat region and warm in eastern region. Humidity is as high as 78% during greater part of the year. There are distinct seasons viz. four wet months (June to Sept.), two months of warmth and damp (Oct. to November), three cool months (Dec. to Feb.) The temperature ranges from 16.7°C to 39°C. The district is blessed with an average rainfall of 4209 MM over 124 rainy days.
AGRICULTURE SECTOR: The net sown area (NSA) forms 28.2% of the total geographical area. The gross cropped area (GCA) is about 1.33 lakh ha. Main crops of the district are paddy in 0.62 lakh ha, pulses in 0.07 lakh ha, and sugarcane in 0.01 lakh ha. The district has substantial coverage under plantation crops like coconut (0.14 lakh ha), cashew (0.19 lakh ha.), rubber (0.02 lakh ha.) and arecanut (0.05 lakh ha.). Other horticultural crops include Mango, Sapota, Banana, Pineapple and so on.

Khariff is the main cropping season. A second crop called "Hingaru" is grown during north west monsoon in about 0.39 lakh ha. in Udupi and Karkala Taluks. The land holding pattern in the district indicates that small and marginal farmers account for more than 80% of total land holding and 60% of total land area. Average size of holdings works out at 1.10 ha.

IRRIGATION: Udupi District has the distinction of having all the three blocks categorised as "White" with reference to state of ground water availability. The district however cannot boast of having major and medium irrigation projects except Varahi irrigation project at Siddapur (Kundapur Taluk). The Government has however taken steps for providing irrigation through Nalabunds, Check dams, Vented dams etc. About 34% of net sown area is under irrigation.

GROUND WATER RESOURCES: As a result of good rainfall and number of rivers flowing down to coastal areas, good amount of ground water resources are available for exploitation for irrigation purpose. The percentage of utilisation of ground water ranges from 14 in Kundapur to 32 in Karkala. In about 55% of the area, digging of wells is technically feasible and economically viable. Major investments in minor irrigation in the district are open dug wells, bore wells, electric pump sets, diesel pump sets and water conservation systems like sprinklers and drip irrigation.

LIFT IRRIGATION: At present under Government programme, projects are under implementation covering an area of 427 ha. Revitalising the defunct units is the need of the hour. There is good scope for check dams and vented dams by impounding rain water flowing down from ghat sections.

DRIP IRRIGATION: Udupi District is climatically suited for horticultural and plantation crops. Govt. has identified this district for extensive coverage of
plantation and horticultural crops like Areca, Cashew, Coconut, Mango, Chikku and so on. There is an increasing awareness among farmers to adopt drip irrigation system in view of water conservation and increase in yield.

**SPRINKLERS:** There is good scope for use of sprinklers as there is vast stretch of field crops like groundnut, vegetables and food crops. About 2852 ha. is already covered under sprinkler irrigation. To encourage usage of sprinklers, the Dept. of Agriculture provides subsidy to the farmers. Considering the varieties of crops grown in the district, about 1000 ha of crops can be brought under sprinkler irrigation every year.

**PUMPSETS:** The demand for pump sets (Both Diesel and Electrical) depends upon the type of existing irrigation structure. The existing population of electrical pump sets is about 43,802. Low HP diesel/kerosene pump sets (1.5 to 3 HP) are becoming popular in the district.

**FARM MECHANISATION:** Mechanization of farm operations is one of the critical factors contributing to improvement in the cropping intensity, production and productivity per unit of land.

Preponderance of small holdings is the limiting factor for farm mechanisation. Number of holdings less than 2 ha. more than 89% of land holdings. Only 4775 holdings are above 4 ha. and 518 are above 10 ha. (accounting for 2.6% and 0.28% of area respectively). As the scarce animal power is inadequate, power tillers and other farm implements have to be financed for regular farm operations.

**PLANTATION AND HORTICULTURE:**

Climatic condition of the district is well suited for cultivation of a variety of plantation and horticulture crops like coconut, areca nut, mango, chiku, cashew, rubber, pepper etc. Other crops include cloves, nutmeg, cinnamon, ginger etc. There is good scope for growing mushrooms, vanilla, medicinal and aromatic plants and cut flowers and so on.

- Coconut is grown in an area of 14464 ha. About 70 million nuts are produced annually. Sizeable land has been diverted from paddy to coconut.
- Areca nut is grown in 5019 ha. The annual average production is about 7678 tons.
- Cashew is one of the important export crops of Udupi District. Its cultivation
is being taken up in a big way by Karnataka Cashew Development Corporation with World Bank assistance. Presently the district has 19207 ha. under cashew plantations. Annual yield is estimated to be around 27384 tons of Cashew Kernel. It is worth about Rs. 100 Crore annually.

The district has good potential for development of rubber which is grown over 2295 ha. With the support of Rubber Board having an office at Kundapur, various rubber development programmes are being implemented.

Cocoa is grown as an intercrop in the existing arecanut and coconut gardens in Karkala and Kundapur Taluks. Area under Cocoa has declined due to declining price and demand. CAMPCO in the Co-operative sector is helping the farmers in the marketing of cocoa products.

Institutions available for development of Horticulture in Udupi District

1. Karnataka Cashew Development Corporation (KCDC) is located at Mangalore with Divisional Office at Kundapur. Development of Cashew plantations, management of IDA/World Bank aided cashew projects, management of pilot project of 478 ha. of cashew gardens, rehabilitation of old plantations and maintenance etc. are among its various activities.

2. The Central Areca nut and Cocoa Marketing and processing co-operative Limited (CAMPCO) operating in Karnataka and Kerala States for membership, and marketing all over India. The main objective of the CAMPCO is the procurement, processing and marketing of the areca nut, cocoa products and also Rubber and to promote for the marketing requirements.

3. Central Plantation Crops Research Institute of Vittal (Puttur Taluk) and Cashew Research Centre at Ullal in Dakshina Kannada District.

SERICULTURE: The district has good scope for development of sericulture activity. Total area under mulberry cultivation is 49 ha. of which about 22 ha. of mulberry cultivation is under irrigation. It may be noted that area under mulberry cultivation is declining over the period. Sericulture activity although does not compare well with that of Kolar and Mysore districts, can be sustained and improved with provision of right kind of training, motivation and extension services.
FORESTRY AND WASTELAND DEVELOPMENT

Land utilisation pattern in the district reveals that of the total geographical area of 3.56 lakh ha, area under forest is 1.00 lakh ha, (28%), cultivable wasteland is 0.35 lakh ha, (0.09%) and wasteland 0.12 lakh ha, (3.37%). Availability of wasteland offers good scope for forest plantations.

ALLIED ACTIVITIES

Dairy Development:

In the background of a large number of small and marginal farmers and agricultural activity becoming unviable, there is need for supplementing their income by promoting dairy activities. As the demand for milk is growing, there is good prospects for dairy activities.

➢ There is a private cattle feed manufacturing unit called 'Supreme feeds' at Herur Village of Udupi Taluk. The Milk Union is also supplying feed to the cattle owners through milk societies.

➢ There is no distinctive breed of cattle in the district. Compared to Cows, Buffalo population has declined by about 10%. Cross breed cows (0.92 lakh) account for 27% of the cattle population (3.39 lakh) as per 2003. Livestock census. Total population of buffaloes is about 0.49 lakh.

➢ Karnataka Milk Producers' Federation (KMF) is a big boon to this activity. Initiation of various activities under operation flood, induction of improved breed, extensive programmes for artificial insemination etc. have contributed to the cause of promotion of dairy activities in the district.

Poultry Development

A predominantly non-vegetarian population in the district and a good market in the neighboring state of Kerala are the contributing factors for poultry farming in the district. The district has poultry population of 8.41 lakh. It is estimated that egg and meat consumption may increase at the rate of 10% every year.

➢ A diagnostic laboratory (private) is available at Udupi at the office of Venkateshwara Hatcheries, Udupi for Poultry Development.

➢ There are about 4 poultry extension centres and 10 pullet rearing units in the district.

➢ D.K. Dist. Poultry Farmers' Co-op. Society (HQ at Mangalore) has a branch office at Kundapur.
There is poultry feed plant at Brahmavar. However this unit is not meeting the entire demand of the local farmers.

**Fisheries Development:** With a coastal line of about 98 KMs, the district has a continental shelf of about 6000 Sq. Kms. The coastal line is dotted with as many as 63 fishing villages and 10 fish landing centres. With the introduction of, gill netters and long liners the fish catch was 69788 tonnes in 2005-2006. Mechanised fishing has been well picked up in the district. About 22829 people are engaged in fish catching and other allied activities. Fish catches of the district accounts for $\frac{2}{3}$ of the total fish catches of the state. Inland fishing and prawn farming are the upcoming activities of the district.

**Bio gas Development:** Bio-gas is a cheap, renewable, non-commercial source of energy and the gas produced can be utilised as fuel for cooking and lighting. Biogas being a national priority programme is in focus in Udupi District. NABARD in its PLP [Potential Linked Plan] has noted that extension services presently available are inadequate.

**OTHER ACTIVITIES:** Animal husbandry, agro processing, beedi rolling are other important activities. Products manufactured/processed and exported include Cashew Kernels, Tiles, Frozen seafood etc., Presence of the Konkan Railway is bound to influence and promote trade and commerce of Udupi District.

**INFRASTRUCTURE:** Well knit and connected motorable roads are the hall mark of Udupi district. NH 17 passes through the district connecting Uttar Kannada Dist, Bajpe Airport and New Mangalore Port are quite close and serve the needs of the district. High literacy rate at 81% is another contributing factor. Educational infrastructure is the cynosure of many. All the villages of the district are electrified and most of them enjoy telecommunication facility. The Zonal Agriculture Research Station at Brahmavar extends support to the farmers with modern techniques and educates them on improved agricultural practices.

**INDUSTRIAL SECTOR:** There are three industrial estates and the district falls under classified zone III. It is eligible for maximum incentives and concessions from Govt. industrialisation seems to be in the fast track in recent years due to establishment of big and heavy industries in the neighbouring Dakshina Kannada District. Therefore, a large number of ancillary units are coming up.
BANKING NETWORK: Udupi District is unique in the Nation’s Banking map with highest concentration of Bank branches. There are 25 Banks operating in the district with a network of 258 branches. Against the national per branch population of 12000, Udupi can boast of having this number as less than 4600. Syndicate Bank, leading public sector bank and lead bank of D.K and Udupi districts was established in 1925 in Udupi, the abode of Lord Krishna in coastal Karnataka. Bank branches in the district can be classified as Rural, semi-Urban and Urban. The same as shown in the following table 3.1.

Table 3.1

<table>
<thead>
<tr>
<th>Rural</th>
<th>Semi-Urban</th>
<th>Urban</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>146</td>
<td>62</td>
<td>50</td>
<td>258</td>
</tr>
</tbody>
</table>

Source: District Profile, District Credit plan 2009-10; Udupi district, Lead District Office, Syndicate Towers, Udupi

Total deposits and advances of 258 branches was Rs.6734Crores and Rs.3145Crores respectively during the year 2009-2010. Share of Priority sector advances as on 31-03-2009 was Rs.2285Crores

BANKING DEVELOPMENT IN DAKSHINA KANNADA AND UDUPI DISTRICTS

Banking scenario of D.K. District is unique in many respects. The undivided district has given birth to five major commercial banks viz., Canara Bank, Corporation Bank, Syndicate Bank, Vijaya Bank and Karnataka Bank Limited. Many banks originated during the beginning of 20th century. At present the district is highly banked with highest branch net work compared to any other district in the country barring metropolitan centers. Dakshina Kannada and Udupi districts are well equipped with all banking facilities and the people are well aware of the various schemes, both under deposits and advances. The districts are blessed with considerable foreign deposits under NRI accounts. The number of Bank branches, Nationalised and private sector commercial banks including that of RRB is 393 in the Dakshina Kannada district during the year 2009-2010 and 258 Bank branches have been operating in Udupi district during the year 2009-2010. The deposits
mobilized by Banks in Dakshina Kannada district is Rs.1276720 lakhs and Udupi district is Rs.673412 lakhs as on 31-03-2009. The CD ratio is 58 percent and 47 percent in Dakshina Kannada and Udupi district respectively. Rural and semi-urban branches account for 54% of the total branch network in the district. The Block wise and Bank wise number of branches in Udupi and D.K Districts during the year 2009-2010 are furnished in Appendices III and IV.

**Competition for Successful Banking**

In the beginning of the 20th century, the initial stimulus for banking development was given by the Swadeshi Movement in Dakshina Kannada (South Kanara district). As the Gazetteer for South Kanara District (1973) reported, the Swadeshi Movement gave a fillip to some of the prominent enterprising citizens of the district who sowed the seeds of modern banking. At a time when bank failures were very common in the country at large, to build banking institutions with the deposit of trust and confidence of the local people who were steeped in poverty, was nothing short of a herculean task. In 1906, the Canara Banking Corporation Ltd., and the Canara Bank Ltd., came into existence. In the co-operative field, the District Central Co-operative Bank was also established at Mangalore in 1913. A few of the leading communities exhibited a good deal of zeal in starting banking houses of course with the desire to cater to the business needs of their community members. It was basically a competitive community spirit which nursed the banking industry in its infant stage in Dakshina Kannada. Therefore, it may be pointed out that what is being publicized so much in the banking circles at present, was visible in this district in the beginning of the 20th century itself. Competition among bankers then became the cause for the spread of banking industry and the major cause for success of banking too.

Establishment of Banks in Undivided Dakshina Kannada districts are as follows. **Syndicate Bank** was established in 1925 in Udupi, the abode of Lord Krishna in coastal Karnataka with a capital of Rs.8000/- by three visionaries - Sri Upendra Ananth Pai, a businessman, Sri Vaman Kudva, an engineer and Dr. T M A Pai, a physician - who shared a strong commitment to social welfare. Their objective was primarily to extend financial assistance to the local weavers who were crippled by a crisis in the handloom industry, through mobilising small savings from the community.
Canara Bank widely known for customer centricity, Canara Bank was founded by Shri Ammembal Subba Rao Pai, a great visionary and philanthropist, in July 1906, at Mangalore, then a small port in Karnataka. The Bank has gone through the various phases of its growth trajectory over hundred years of its existence.

Vijaya Bank a medium sized bank with its presence across India was founded on October 23, 1931 by A.B.Shetty and other enterprising farmers in Mangalore Karnataka in India. The objective of the founders was essentially to promote banking habits, thrift and entrepreneurship among the farming community of Dakshina Kannada district in Karnataka State.

Corporation Bank Started about 104 years ago in 1906, with an initial capital of just Rs.5000, Corporation Bank has recorded Rs. 1,55,936 Crore mark in business and even far more, with over 3500 service outlets across the nation, served by committed and dedicated 12,000 plus Corp bankers.

The Karnataka Bank Ltd, an old generation private sector bank, had by 1969 about a dozen offices in D.K.District. When the merger of small banks with the bigger ones became popular in the Indian banking system, the Sringeri Sri Sarada Bank Ltd., the Chitradurga Bank Ltd, and the Bank of Karnataka Ltd., of Hubli were merged with this Bank. Karnataka Bank Limited, established in the year 1924. In 1972, The Bank had 23 branches in South Kanara.

Mergers and Acquisitions

The most burning news in the Indian banking sector today is mergers of banks. It is important to note that in the formative years of banking in Dakshina Kannada there were quite a few mergers and acquisitions without any significant controversies presumably because they were compulsions of circumstances. The Pangal Bank Ltd. started its office at Udupi on 15th of April 1920. It was merged with Canara Bank on 26th. September 1968.

The Vijaya Bank Ltd. was established at Mangalore on May 2, 1931. In 1961 the Vijaya Bank took over the assets and liabilities of the Jayalakshmi Bank Ltd., which took birth on 11th October 1923 at Mangalore.

The Catholic Bank Ltd., was set up June 5, 1925 at Mangalore. In 1961 it was merged with the Syndicate Bank. The Mulki Bank Ltd. that came into existence on 15th July 1929 was merged with the Syndicate Bank in 1961. In 1959 the Bank of Mangalore was merged with the Syndicate Bank. The Nagarkar's Bank Ltd.,
started functioning at Mangalore on 25th September 1934. It was merged with the Syndicate Bank Ltd., in 1959. The Pie-Money Bank Ltd., which was born on 21st December 1934 was merged with the Syndicate Bank in 1961. The Southern India Apex Bank Ltd., born on 25th of June 1942 at Udupi got merged with the Syndicate Bank Ltd., in 1953. The Maharashtra Apex Bank Ltd., started its activities on 26th April 1943 at Udupi. After decade of its existence it was merged with the Syndicate Bank in 1953. The Mergers of the banks in Dakshina Kannada and Udupi districts are shown in the following table 3.2.
Table 3.2

The Merger of Banking in Dakshina Kannada and Udupi Districts

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of Bank</th>
<th>Place</th>
<th>Date of registration</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>The Canara Banking</td>
<td>Udupi</td>
<td>29th May 1906</td>
<td>Name changed into Corporation Bank Ltd., in 1972; Nationalised in 1980</td>
</tr>
<tr>
<td>2.</td>
<td>Canara Bank Permanent Fund Ltd</td>
<td>Mangalore</td>
<td>1st July 1906</td>
<td>Name changed to Canara Bank Ltd., in 1910 and Nationalised on 19th July 1969</td>
</tr>
<tr>
<td>5.</td>
<td>Karnataka Bank Ltd</td>
<td>Mangalore</td>
<td>28th Feb 1924</td>
<td>The only Private Sector till Date</td>
</tr>
<tr>
<td>6.</td>
<td>Udupi Bank Ltd</td>
<td>Udupi</td>
<td>5th May 1925</td>
<td>Defunct</td>
</tr>
<tr>
<td>7.</td>
<td>Catholic Bank Ltd</td>
<td>Mangalore</td>
<td>5th June 1925</td>
<td>Merged with Syndicate Bank Ltd. in 1961</td>
</tr>
<tr>
<td>13.</td>
<td>Thulunad Bank &amp; Supply Agency Ltd</td>
<td>Udupi</td>
<td>2nd Oct 1933</td>
<td>Went into liquidation on 3rd November 1940</td>
</tr>
<tr>
<td>15.</td>
<td>Agricultural &amp; Industrial Bank Ltd</td>
<td>Coondapur</td>
<td>7th Nov 1934</td>
<td>Went into liquidation in 1953</td>
</tr>
<tr>
<td>17.</td>
<td>Attur and Jawahar Bank Ltd</td>
<td>Mangalore</td>
<td>29th June 1939</td>
<td>Went into liquidation in 1951</td>
</tr>
<tr>
<td>18.</td>
<td>Southern India Apex Bank Ltd</td>
<td>Udupi</td>
<td>25th June 1942</td>
<td>Merged with Syndicate Bank Ltd., in 1953</td>
</tr>
<tr>
<td>19.</td>
<td>Maharashtra Apex Bank Ltd</td>
<td>Udupi</td>
<td>26th April 1943</td>
<td>Merged with Syndicate Bank Ltd., in 1953</td>
</tr>
<tr>
<td>20.</td>
<td>Prabhakar Bank Ltd</td>
<td>Moodabidi</td>
<td>28th March 1945</td>
<td>Went into liquidation in 1953</td>
</tr>
</tbody>
</table>

Source: Government of Karnataka, the Gazetteer for South Kanara district, Government of Karnataka Publication, Bangalore 1973 PP.263-264
The Gazetteer made an observation in 1973 which undoubtedly indicated that these mergers and acquisitions, though of small magnitudes, resulted in strong banks in Dakshina Kannada. To quote the Gazetteer, “After the coming into force of the Banking Companies Act and the effective control exercised by the Reserve Bank of India over the banks, public confidence in these institutions steadily increased. The banks of the district, which are now on a firm footing, have been of inestimable value in building up a sound public economy in the area”\(^{131}\). The role played by banks with strength, banking that was sufficiently vibrant and bankers with considerable dynamism in the economic development of district were thus recognized in the Gazetteer.

**Banking at the Grass Root Level**

Charity, they say, begins at home. Banking in Dakshina Kannada district is like charity that began at home. Besides the high level of literacy and the consequent social awakening, the frugal saving habit of the ordinary people in this district enabled banks to mobilize necessary resources. The “Pigmy Deposit Scheme” innovated by Syndicate Bank way back in 1928 aimed at helping the poor. This Scheme has given rise to benefits for farmers, workers, vegetable vendors, village traders and petty shop keepers. It became instrumental in monetizing the rural tract to a significant extent. Banking could reach out to the common man by providing an opportunity to save at his doorsteps. That several other banks imitated Syndicate Bank’s Pigmy Deposit Scheme is a glowing tribute to the social relevance of the scheme. Therefore it was not surprising if the World Bank evinced interest to introduce this scheme in Latin American countries.

**Profile of Sample Banks and Accomplishments of Leading Undivided D.K. based Banks**

**Syndicate Bank** was established in 1925 in Udupi, the abode of Lord Krishna in coastal Karnataka with a capital of Rs.8000/- by three visionaries - Sri Upendra Ananth Pai, a businessman, Sri Vaman Kudva, an engineer and Dr.T M A Pai, a physician - who shared a strong commitment to social welfare. Their objective was primarily to extend financial assistance to the local weavers who were crippled by a crisis in the handloom industry through mobilising small savings from the
community. The bank collected as low as 2 annas daily at the doorsteps of the depositors through its Agents under its Pigmy Deposit Scheme started in 1928. This scheme is the Bank's brand equity today and the Bank collects around Rs. 2 crore per day under the scheme. Much before nationalization of major commercial banks in 1969, the Syndicate Bank became a pace setter for other banks in the field of financing rural development. The Syndicate Bank used Dakshina Kannada district as a laboratory for experimenting its innovative schemes and programmes for agricultural development. With the assistance of the Bank, the Syndicate Agriculture Foundation undertook various programmes for promoting new farm technology in the district. The Bank collaborated with Khadi and Village Industries Commission to promote Bio Gas plants as a bankable proposition for the first time in the country in 1973. In order to tackle the burning problem of rural unemployment, Syndicate Bank promoted in establishing Rural Development and Self Employment Training Institutes for motivating unemployed youth to take up self employment ventures. The Bank has the credit of acting as the lead bank in Dakshina Kannada District. It has indeed provided vibrant banking for rural development in many parts of the country both in the pre-nationalization and post-nationalization periods.132

The progress of Syndicate Bank has been synonymous with the phase of progressive banking in India. Spanning over 80 years of pioneering expertise, the Bank has created for itself a solid customer base comprising customers of two or three generations. Being firmly rooted in rural India and understanding the grass root realities, it has been propagating innovations in Banking and also has been receptive to new ideas, without however getting uprooted from its distinctive socio-economic and cultural ethos. Its philosophy of growth by mutual sustenance of both the Bank and the people has paid rich dividends. The Bank has been operating as a catalyst of development across the country with particular reference to the common man at the individual level and in rural/semi urban centres.

The Bank is well equipped to meet the challenges of the 21st century in the areas of information technology, knowledge and competition. A comprehensive IT plan is being put in place and the skills and knowledge of the Bank's personnel are being upgraded through a variety of training programmes to promote customer delight in every sphere of its activity. The Bank has launched an ambitious technology plan called Centralised Banking Solution (CBS) whereby 500 of its strategic branches with their ATMs are being networked nationwide over a 4 year
period. The bank was awarded the Best Performer award by NABARD for Highest Average Loan Size under SHG-Bank linkage programme among commercial banks operating in Karnataka during the year 2009.

Another notable accomplishment of the Syndicate Bank has been the initiative taken in starting regional rural banks. At present it has in all sponsored 10 RRBs with a network of 1,163 branches spread over 28 districts in five states i.e., Andhra Pradesh, Haryana, Kerala, Karnataka and Uttar Pradesh. In Karnataka the Syndicate Bank has sponsored 04 RRBs. Now in accordance with the National Policy of consolidating RRBs, it is reconsidering in terms of consolidating all the four RRBs in the State into one. The Bank has recorded noteworthy performance under Syndicate Kisan Credit Cards Scheme during 2004-2005 by surpassing the target given by RBI. The Bank has issued 143867 Kisan Credit Cards during 2004-2005 against the target of 80000 Cards. The cumulative number of Kisan Credit Cards issued was 610518 with a credit limit of Rs.1704 crore.

Canara Bank is widely known for customer centricity, Canara Bank was founded by Shri Ammembal Subba Rao Pai, a great visionary and philanthropist, in July 1906, at Mangalore, then a small port in Karnataka. The Bank has gone through the various phases of its growth trajectory over hundred years of its existence. Growth of Canara Bank was phenomenal, especially after nationalization in the year 1969, attaining the status of a national level player in terms of geographical reach and clientele segments. Eighties was characterized by business diversification for the Bank. In June 2006, the Bank completed a century of operation in the Indian banking industry. The eventful journey of the Bank has been characterized by several memorable milestones. Today, Canara Bank occupies a premier position in the committee of Indian banks. With an unbroken record of profits since its inception, Canara Bank has several firsts to its credit.

The Canara Bank known for its financial discipline and strength seized the credit of opening a branch in Bombay (Mumbai) as early as 1928. In fact it was the first Dakshina Kannada based bank to start its activities in this metropolitan city where the bank got an opportunity to help a number of traders having their origin in D.K. The motto of the bank that could make some impact was: “serve to grow and grow to serve”. One of the press statements of the Chairperson and Managing Director of Canara Bank indicates the serious efforts being made to bring down the level of non-performing assets. It has also planned to increase its man-power
training fourfold to enable human resource to increase their contribution to the business. The significant milestones of the Canara bank's are its aggregate business crossed Rs.4lakhs crore and Net profit crossed Rs.3000 crore and the bank's branch network crossed 3000 in the year 2009-2010.

**Vijaya Bank** a medium sized bank with presence across India was founded on October 23, 1931 by A.B.Shetty and other enterprising farmers in Mangalore of Karnataka in India. The objective of the founders was essentially to promote banking habits, thrift and entrepreneurship among the farming community of Dakshina Kannada district in Karnataka State. The bank became a scheduled bank in 1958. Vijaya Bank steadily grew into a large All India bank, with nine smaller banks merging with it from 1963 to 68. The credit for this merger as well as growth goes to Mulki Sunder Ram Shetty, who was then the Chief Executive of the bank. The bank was nationalised on April 15, 1980. This is the first bank to introduce credit card facility in the banking industry. The bank has network of 1158 branches, 46 extension counters and 435 ATMs. (as of March 31, 2010). Vijaya Bank is one among the few banks in the country to take up principal membership of VISA International and MasterCard International. The driving force behind Vijaya Bank's every initiative has been its 12107 strong dedicated workforce. In line with the prevailing trends, the bank has been giving greater thrust towards technological upgradation of its operations calling itself “a friend you can bank upon” During 2002-2003 the Bank launched 'Vijaya Raksha' an insurance scheme for providing life insurance cover of Rs.1.00 lakh in case of normal death and Rs.2.00 lakh in case of death due to accident to the existing and new deposit account holders of age group between 18 and 54 years under tie-up arrangement with LIC of India. The Bank reviewed and refined four of its popular retail lending schemes, viz., Vijaya Home Loan Scheme, Vijaya Wheels Scheme, V-Cash Scheme and V-Equip Scheme, making them more customer friendly. Two new retail lending products, viz., V; Kanyadan, designed to meet the marriage expenses of women and V-Mangala, meant to meet the financial requirements of working women were also launched during the year 2008-09. With a view to step up disbursements under retail lending schemes, the Bank established 16 Retail Lending Outlets in major metro centres. The Vijaya Rural Development Foundation (VRDF), and Vijaya Bank Self Employment Training Institute (VIBSET) have been doing useful work by helping
the intended beneficiaries. The Vijaya Bank has instituted the Chair on Environmental Studies in Mangalore University.

**Corporation Bank** Started about 104 years ago in 1906, with an initial capital of just Rs.5000, Corporation Bank has recorded Rs. 1,55,936 Crore mark in business, with over 3500 service outlets across the nation, served by committed and dedicated 12,000 plus Corp employees. Nationalised in 1980, Corporation Bank was the forerunner when it came to evolving and adapting to the financial sector reforms. In 1997, it became the Second Public Sector Bank in the country to enter capital market, the IPO of which was over- subscribed by 13 times. the Bank has many "firsts" to its credit - Cash Management Services, Gold Banking, m-Commerce, "Online" approvals for Educational loans, 100% CBS Compliance and more recently, its pioneering efforts to take the technology to the rural masses in the remotest villages through low-cost branchless banking - Business Correspondent model. All of which symbolise Bank's commitment to its customers to provide convenience banking. Today, Corporation Bank has become significant contributor to the growth of the country's economy.

Corporation Bank known for its high level of efficiency has to its credit many coveted awards and accolades. The Business Today Magazine - K.P.M.G. Peat Marvick survey rated the Bank as the best public sector bank during the financial year 1997-98. The 'Business India' dated January 11, 1999 rated the Bank as the Best Bank. The Best Bank Award for Excellence in Banking Technology from IDRBT in 2000 and again in 2002, Financial Express Award in 2001, the ranking of the Bank as one among top 1000 banks in the world during 2003 by the Banker Magazine, London and award of Outlook Money in 2003 are but a few outstanding commendations which the Bank has been able to secure. The vision for the centenary year (2006) was, "To emerge as the most preferred bank with global standards in efficiency, technology, products and services". The Corporation Bank has launched 'Corp Agriculture Produce loan' (CAPL) scheme for farmers, in association with the Mutli-Commodity Ex-change of India Ltd (MCX). The scheme is aimed at mitigating the losses incurred by farmers who often resort to sale of agriculture produce immediately after harvest due to lack of holding capacity and need for ready cash. The Corporation Bank has not only survived a hundred turbulent years, but is today one of the more agile PSB players in the market. This has been possible in no small measure because of the Bank's ability to manage and
utilize its talent and potential”. The Corporation Bank is supporting the Chair in Bank Management in Mangalore University.

The Karnataka Bank Ltd, an old generation private sector bank, established in the year 1924, had by 1969 about a dozen offices in D.K.District. When the merger of small banks with the bigger ones became popular in the Indian banking system, the Sringeri Sri Sharada Bank Ltd., the Chitradurg Bank Ltd, and the Bank of Karnataka Ltd., of Hubli were merged with this Bank. In 1972, The Bank had 23 branches in South Kanara. Of the total 110 branches, 48 were in rural areas, 42 in semi-urban areas, 12 in urban areas and 8 in metropolitan centres. Thus the Karnataka Bank Ltd.in spite of remaining in private sector maintained a good deal of rural bias in its branch expansion programmes. The Gazetteer noted in 1973 that in about 40 places, the Karnataka Bank Ltd. alone was serving the needs of the public. During the year 2004-2005, the Bank opened 12 new branches of which as many as 11 are found in places outside Karnataka. In his address at the 81st Annual General Meeting of the Shareholders held at Mangalore on 15.07.2005, the Chairman of the Bank stated its mission as: “To be a technology savvy, customer centric progressive bank with a national presence driven by the highest standards of corporate governance and guided by sound ethical values”. Karnataka Bank Limited’s 461 branches are spread across the country. The bank has bagged "Special Award for use of IT for Internal effectiveness" for the year 2009, instituted by Institute for Development and Research in Banking Technology (IDRBT). The Bank has networked all its branches thereby enabling ‘Anytime Anywhere banking.’ The Bank has a slew of technology driven products tailored to meet the needs and demands of its large clientele.

The total business of the Bank surpassed Rs.32143 crore. Net profit of the bank went up to Rs.266.70 crore, Capital funds of the Bank stood at Rs.1990.57 crore during the year 2008-2009. The Capital Adequacy Ratio (CAR) of the Bank was 13.48 percent under Basel II and 13.54% under Basel I, well above the RBI prescription of 9% during the year 2008-2009. The earnings per share (EPS) was Rs.21.96. The Bank which has been consistently paying dividend over the years has paid a dividend of 60% for the year 2008-09. The Bank has a highly dedicated team of around 5300 employees ably patronized by over 74000 shareholders and over 4
million clientele base. Bank's Net NPA and the return on assets stood at 0.98% and 1.25% respectively. The Bank's rural orientation programmes, services of NRIs and its performance in user-friendly loan schemes are quite laudable and astounding.  

The genesis of Nethravathi Grameena Bank was brought about by N.K. Thingalaya. He is of the view that political expediency prompted the birth of Varadha Grameena Bank in Uttara Kannada and Nethravathi Grameena Bank in Dakshina Kannada. Atleast in the beginning Nethravathi Grameena Bank appeared like a 'test tube baby'; but in the early 1990s, Nethravathi Grameena Bank turned out to be a fairly healthy child. The new outlook and strategies through a prospective Long Range Plan in the form of Development Action Plan 1993-98 contributed in improving the performance and bringing down the level of operating losses from March 1995 onwards. The Nethravathi Grameena Bank effectively utilized the new avenues available for lending, investment and also for reallocation of loss incurring branches. Now, it is exploiting the business potential in different parts of Dakshina Kannada and Udupi Districts. In 2008-2009 there were 26 Regional Rural Banks (Nethravathi Grameena Bank and its branches) in Dakshina Kannada and Udupi District, which disbursed loans to the tune of Rs. 1050788 lakhs. The Banks in Dakshina Kannada and Udupi districts as on 31-03- 2009 has shown in Appendix V

Financing Higher Education by the Commercial Banks:

One of the priority sectors financed by the leading public sector banks is education. Most graduate, post-graduate, professional courses (engineering, medical, veterinary, law, dental, management), and programmes such as of the ICWA of India, the Institute of Chartered Accountants of India, the Institute of Chartered Financial Analysts of India are eligible for the education loans. So are courses recognized by the University Grants Commission, the All India Council for Technical Education, government and the Indian Council for Medical Research. Banks are also offering loans for less conventional courses such as biotechnology, fashion technology and aviation. They are usually flexible in approving and disbursing such loans.
Canara Bank, Corporation Bank and Syndicate Bank along with Allahabad Bank, State Bank of India, Oriental Bank of Commerce, Bank of India, Bank of Baroda and Andhra Bank are very active in this segment of priority sector lending. In 2000 under the Chairmanship of C.M.D of Canara Bank a study group was constituted by the Central Government to examine the role of commercial banks in Financing Higher Education in the country. The report of the study group submitted in August 2000 became the basis for what came to be called the Modified Model Educational Loans Scheme which incorporated the major features of the Canara Bank's Vidhyasagar Education Loan Scheme. An economic analysis of student loans provided by commercial banks made by Narayana has proved that the Modified Model of Educational Loan Scheme is wider in scope and is responsive to changing needs of students. In particular, the scheme meets the broader financial requirements of students who pursue their studies in general degree colleges. In addition, the scheme is equally supportive of higher studies in India and abroad.

Banking Contributions to the Development of Udupi and D.K. District

Until the onslaught of globalization, the small and medium enterprises in the erstwhile D.K District flourished and accounted for its overall development. The Planning Department, Government of Karnataka analyzed the development that took place between 1960-61 and 1970-71 in all districts on the basis of certain indicators like agriculture, industry and infrastructural development. According to the classification made by the Department, D.K was an industrially developed district, like Mysore, though it was not highly developed like Bangalore and Dharwad. The report of the Lead Bank Survey (1973), took a slightly different stand by stating that "industrially the district has not much to exhibit". But it struck a clearly optimistic note by stating that D.K. District was on the threshold of a major industrial change. A more realistic view was expressed by the Survey, when it stated that there could be rapid development of small scale and ancillary units.

An empirical study covering two decades of development in Karnataka from 1971-72 to 1991-92, ranked the different districts in the State. In this period Dakshina Kannada was one of the highly developed districts next only to the Bangalore urban district.

A study with reference to 1979-80 by Gladys Sumithra placed D.K. District, along with Bangalore district, in the 'Highly Developed Category'. It also said
"Taking the manufacturing sector as a whole, Bangalore district accounted for about 33 percent or 1/3rd of the State’s income from this sector in 1970-71, its share is 37 percent in 1979-80. The D.K. District stood second (after Bangalore) in 1970-71 with a share of 10.8 percent. It maintained the same second place in 1979-80 with a share of 9.1 percent. Sreekantradhy's observations also were instrumental in revealing that D.K.District was comparatively on a fast track of industrialization when compared to other districts in Karnataka.

The High Power Committee for Redressal of Regional Imbalances in its report submitted in June 2002 classified the taluks into different categories in Karnataka by applying the conceptual framework of Comprehensive Composite of Development Index (CCDI). There were four categories of taluks: (1). Relatively developed taluks, (2). Backward taluks. (3). More Backward taluks, and (4). The Most Backward taluks. The High Power Committee found that all the taluks in Udupi and Dakshina Kannada districts were relatively developed taluks in the Karnataka State.144

One of the factors facilitating the development of both Udupi and Dakshina Kannada districts is obviously a fairly developed banking system guided by bankers responding to the development needs of these regions. A research study, covering District Credit Planning and Industrial Development (1996) found that the availability of credit facilities helped many small industries to expand their assets in the post credit planning period in Dakshina Kannada district. The study also found that credit supplied by banking institutions was more important than the credit supplied by other institutions like the Karnataka State Financial Corporation. On the basis of quite a few reliable published sources this research study brought out the fact that the industrial development initiated men of entrepreneurial zeal in D.K. District was expedited with the credit supplied by the banks. Thus there was the supply lending situation so far as the relation between Credit Planning and Industrial Development was concerned. Another research study throwing light on motivation of employees in public sector banks (1999) brought out the fact that many officers in public sector banks in D.K.District contributed to the development of this region because they were properly motivated.

It does not mean that the Undivided D.K. based banks are free from difficulties and challenges. The keen competition of the new generation private sector banks with ultra-modern technology, the possible consequences of
consolidation of banks as a result of mergers and acquisitions and the new challenges of risk management which may flow from Basel II Accord will have to be encountered by these banks. The changed scenario is such that banks today no longer compete merely with other banks; they in fact have to compete with altogether different sectors. Indeed many will be the challenges which the Undivided D.K based banks like other banking institutions in the country may have to face with the further liberalization of financial services in the fast changing world. However, with their rich traditions, the results of vibrant banking and efforts of dynamic bankers, the Undivided D.K. based banks may be able to withstand these challenges. In one of his books published in 1999 Thingalaya throws enough light on the Banking Saga by vividly explaining the history of South Kanara banks. In his foreword to this book M. Narasimham writes: “Dr. Navinchandra K. Thingalaya in this work, which must be regarded as path breaking in character, and their closeness to the perceived needs of the population they served”. This is also a grand proof to the fact that Undivided D.K. district is honeycombed by banks that are strong, banking system that is vibrant and bankers whose dynamism definitely matters.

In this chapter, we have carried out a study of the Profile of Dakshina Kannada and Udupi districts, and also about the Banking Development in Dakshina Kannada and Udupi Districts. The two study districts namely, Dakshina Kannada and Udupi are the well developed districts of Karnataka state in terms of Education, Banking, Health, Transportation and communication. Besides, the districts has the unique distinction of being the birth place of four major Nationalised Banks like Canara Bank, Vijaya Bank, Corporation Bank and Syndicate bank and one leading private sector bank viz Karnataka Bank Ltd. With the rich traditions, the commercial banks in Dakshina Kannada and Udupi districts contributed to tracing the genesis of the banking institutions of the District and their adaptability to the economic and, even more, the sociological milieu of the region and its ability to withstand the challenges.
References


129. District Profile, Dakshina Kannada District, op. cit, p. 8-9.


131. The Gazetteer. op. cit., p.263.


