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**CHAPTER TWO**

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**SHRI PAISA FUND SHETKI SAHAKARI BANK LTD, HUPARI ; HISTORICAL**

**DEVELOPMENT**

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- I. HUPARI : THE " SILVER " TOWN OF MAHARASHTRA
- II. ORIGAN OF SHRI PAISA FUND SHETKI SAHAKARI BANK LTD, HUPARI.

∴ CHAPTER - II ∴

SHRI PAISA FUND SHETKI SAHAKARI BANK LTD., HUPARI, HISTORICAL  
DEVELOPMENT

INTRODUCTION :

This chapter first deals in brief with the history of town Hupari and then states origin and development of the Bank.

HUPARI : THE "SILVER" TOWN OF MAHARASHTRA :

The town Hupari popularly known as the "Silver" town of Maharashtra is a location for, silver industry and specially for "Shri Paisa Fund Shetki Sahakari Bank Ltd., Hupari." Today, Hupari is having all the modern amenities and facilities. Hupari (Matkangale Taluka 16°, 35' N, 74°, 20' E, P.7039)<sup>1</sup> 15 K.M. South from Matkangale railway station, lies 21 K.M. south east of Kolhapur. It has two old temples, one is of Ambabai (17' X 15' X 27' high) and the other of Mahadev (15' X 13' X 18' high) both built of stone and mortar. Every April at Ambabai's temple a fair is held which is attended by about 10,000 people.

1) EARLY HISTORY OF HUPARI :

In 1300 A.D. people from Konkan used to travel on foot to Bijapur for trading purposes on their way to Bijapur they used to take rest at a particular spot on the west bank of the river Panchaganga. They were tired of tyrannical rule of those days, and hence they decided to settle at that place, they

erected ten to twenty huts and that was the origin of present town Hupari.<sup>2</sup>

During the maratha period, Hupari was ruled by Chhatrapati of Kolhapur. It was conquered by Patvardhans (Sangli) around 1750 A.D. and they built fortification wall and under ground fort. The village was mortgaged by Patvardhans to a big money lender known as Navalkot Narayan of Tasgaon in 1770 A.D. Sidhojirao Desai of Nipani captured the village in 1800 A.D. After some days, the village was again conquered by Chhatrapati of Kolhapur. Under the state regime the village began to grow rapidly.<sup>3</sup>

In the last century, Hupari was a small village of 2000 population. A primary school was opened in 1870 A.D. Number of shops also increased. Alongwith agriculture, weaving had also started. In those days Hupari had made its name in the production of dhotis and saris.

#### ii) MODERN PERIOD :

The new era in the life of village Hupari started after 1900 A.D. The first silver factory was opened in 1904 and in 1914 machines were used for silver work. The silver industry progressed at a greater speed after 1920, the trained artisans in the manufacturing of silver ornaments started their own units. There were 25 units in 1928 and the number increased to more than

100 in 1940. After the second world war, the silver industry enjoyed boom period. The economic conditions of silver factory owners suddenly improved. After 1950 new buildings were built in the new colony. Naturally the village Hupari was transformed into a town.

The grampanchayat was established at Hupari in 1927. Since then, it has been contributing to the face lifting and amenities of the town. Hupari was the only village to make available drinking water through pipe lines in 1939. The formation of 'Silver Ornament Manufacturers, Association' (Chandi Karkhandar Association) gave momentum to the development of village.

The establishment of Shri Paisa Fund Bank in 1950 was a turning point in the socio-economic life of Hupari.

## II ORIGIN OF SHRI PAISA FUND SHETKI SAHAKARI BANK LTD., HUPARI :

After second world war, there was a severe famine in this area. To meet the challenge of famine, late Shri A.B.Naik alias DADA \*

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\* The late Shri Appasaheb Balasaheb Naik was, the Chief Promoter of the Bank. He was the Managing Director of the Bank from 1950 to 1981. He had dedicated his life to the development of the Bank. Because of his vision and selfless service the Bank could do outstanding work in different fields. Veteran cooperator, Shri A.B.Naik was popularly called "DADA" by the people (Dada means elderly male member of family) Dada was born in 1914 in a respectable Hindu maratha family. After completing his primary education he had joined revenue department at Hupari for a short period. He was a great social worker and cooperative leader.

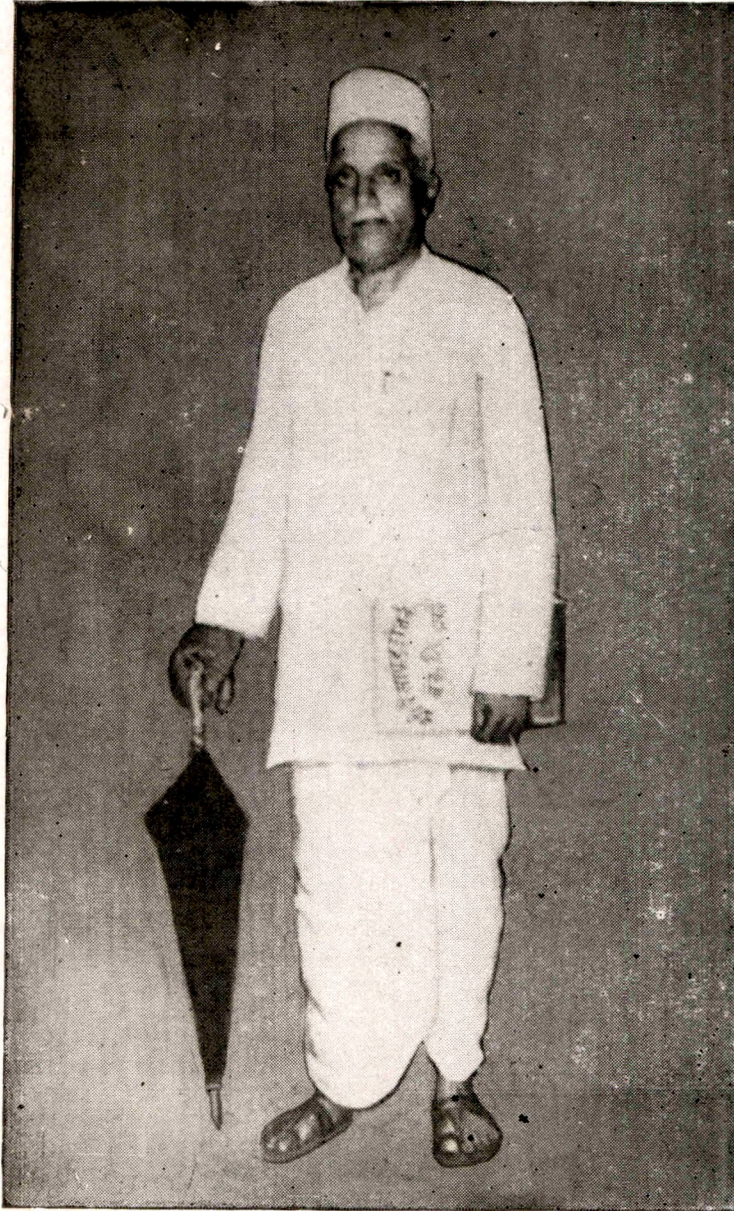


PHOTO NO. 1

The Late Shri A.B.Naik, Alias Dada Naik. ( 1914-1981)  
FOUNDER, CHIEF PROMOTER AND MANAGING DIRECTOR  
OF PAISÁ FUND SHETKI SAHAKARI BANK LTD.,  
H U P A R I

Started a Grain Society in 1945 named as 'Mahatma Musthi Fund Dhanya Pat Pedhi Ltd., Hupari,' which was registered on 15.8.1948. Musthi fund means collecting a fistful grains from those who can afford to contribute. Such collected grain was being lent to the needy people, who were to return it with 1/4th additional quantity of grain as an interest. The recovery of the grain was without any default. The activities of 'Mahatma Musthi Fund' were curtailed to a great extent due to imposition of levy later.

The success of Mahatma Musthi Fund, inspired Dada to start another important cooperative organization called "Shri Paisa Fund Sahakari Bhishi." It was in the formation of this Bhishi, the seeds of the present Shri Paisa Fund Shetki Sahakari Bank Ltd., Hupari, were sown. The Bhishi was collecting even one Paisa per member from the residents of Hupari and villages within the radius 8 K.M. around Hupari. At the end of every month the Bhishi adjusted the amount collected from individuals and issued them receipts for whatever, amount was collected during the month. The Bhishi also used to give loans to needy members.

In course of time a big amount of Rs. 1.29 lakhs was collected from the members and the Bhishi was converted into "Shri Paisa Fund Shetki Sahakari Bank Ltd, Hupari" in 1950. The Bank started functioning from the First Republic Day of India i.e.

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\* BHISHI : The term 'Bhishi' in marathi means a credit organisation which may be registered or unregistered. It collects deposits from members on weekly or monthly basis and lends money to the needy members. At the end of its financial year it returns the deposits with interest to the members.

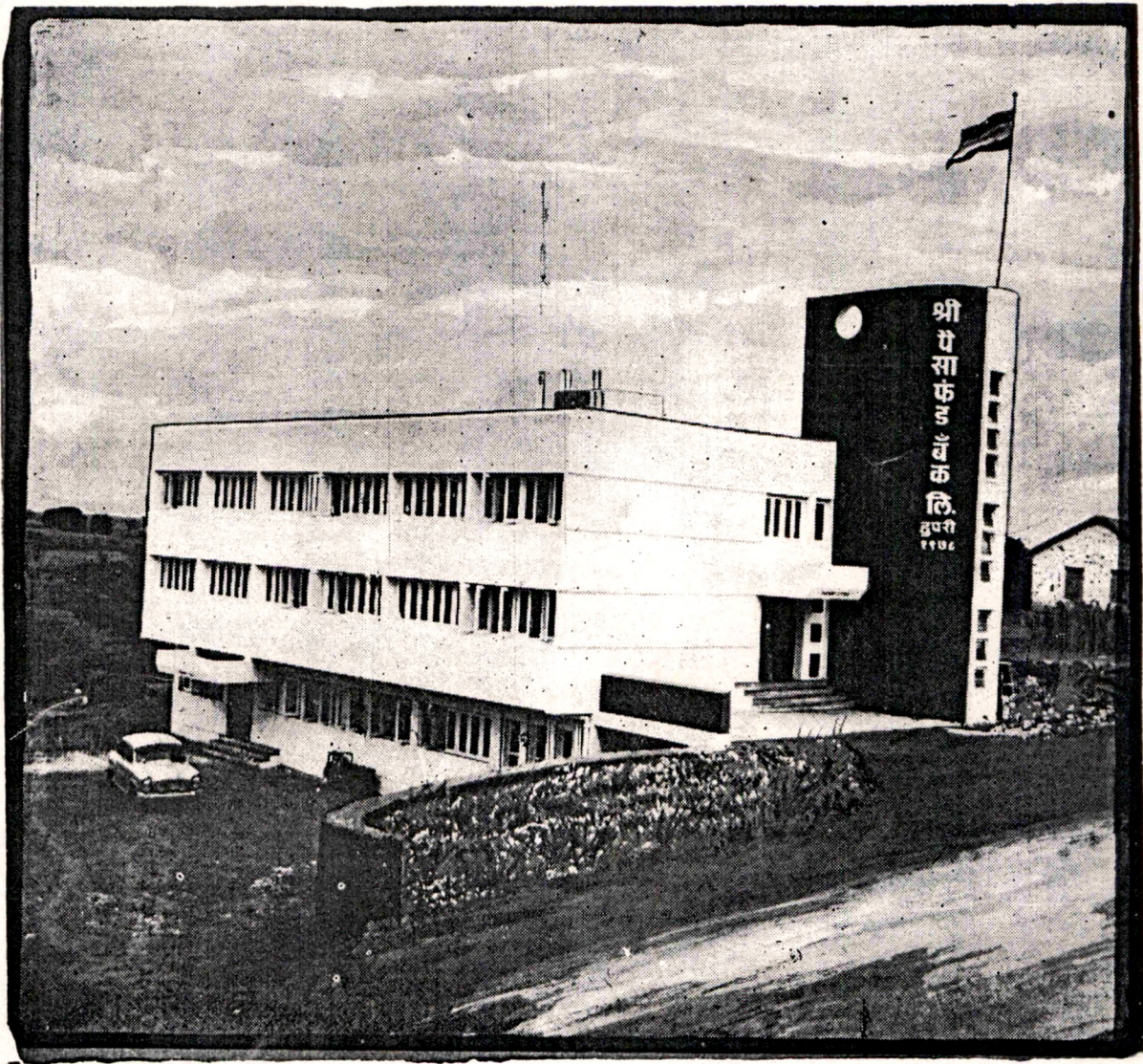


PHOTO NO. 2

SHRI PAISA FUND BANK LTD. HUPARI  
DIST. KOLHAPUR.  
THE MAIN BUILDING

26th January 1950. At the time of registration there were 429 members. The Bank was registered under the Cooperative Societies Act on 24.1.1950 with the registration number 18310. However, the Bank has not been yet issued banking licence by the Reserve Bank of India.<sup>4</sup> The establishment of the Bank was the land mark in the history of Hupari and the villages in the vicinity of Hupari.

After tracing the origin of the Bank, it is necessary to discuss the following important aspects of the Bank.

1. PROBLEMS FACED DURING THE FORMATION OF THE BANK :

The problems faced by the promoters in the initial stage were as follows :

1) MOTIVATING PEOPLE :

The people were facing many economic difficulties, they wanted some way out of the situation. The late, Shri Dada approached needy people and convinced them about the principles of cooperation and asked them to stand unitedly in cooperative institution. This way out was felt to be the best by the people and they formed into a cooperative society.

11) RAISING SHARE CAPITAL :

The amount collected by Bhishi was converted into share capital of Shri Paisa Fund Shetki Sahakari Bank Ltd., Hupari.





Therefore, no problems were faced in raising the share capital of the Bank.

111) LEGAL PROBLEMS :

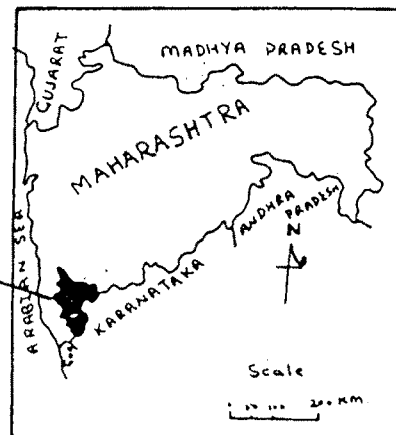
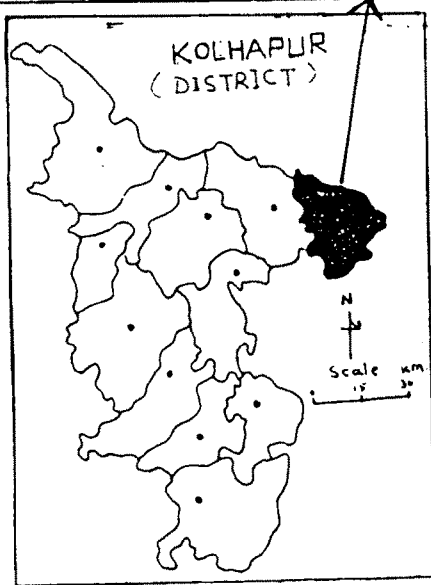
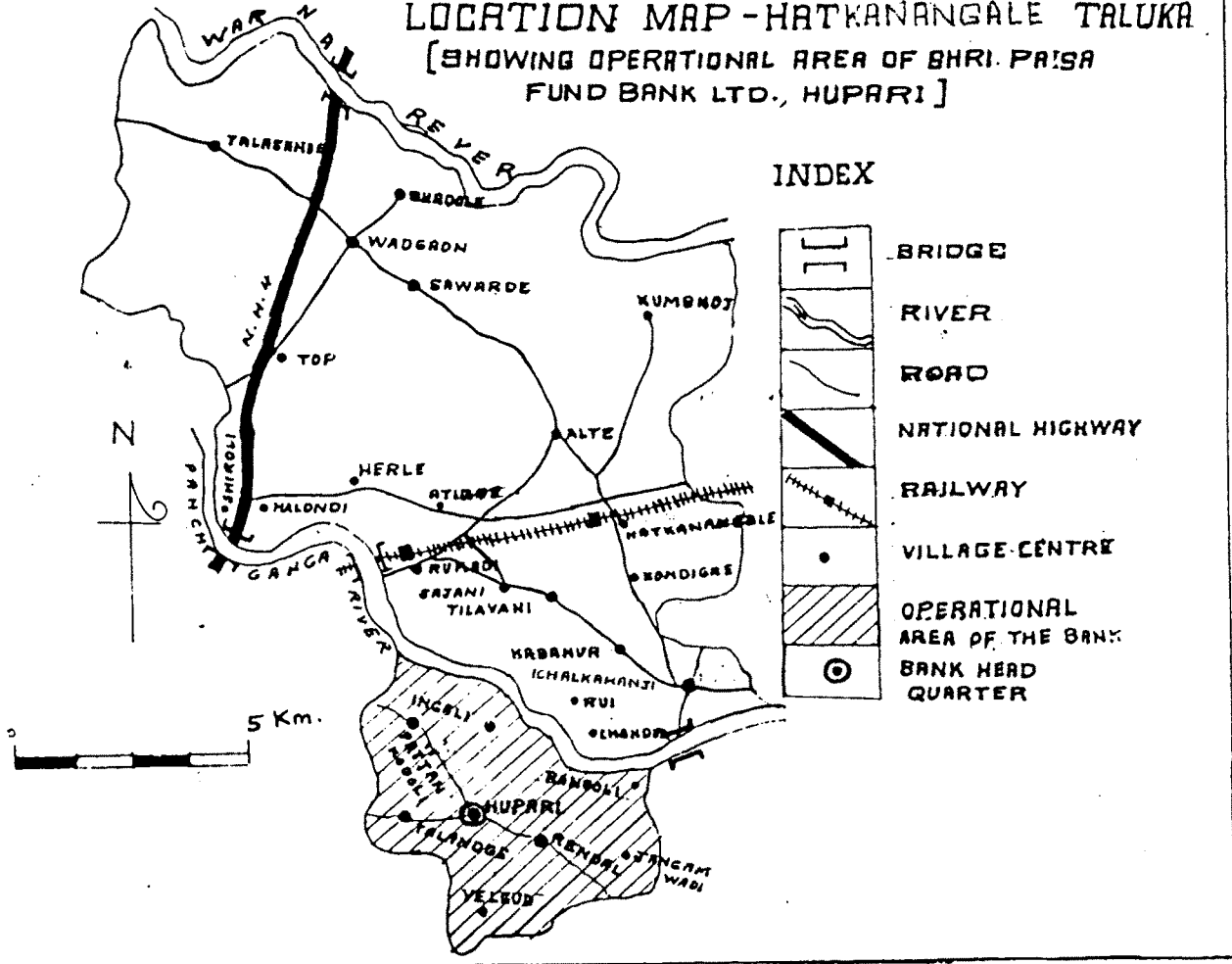
The objects of the Bank according to the bye laws were multipurpose in nature viz.

- 1) Financing for introducing improvement in agricultural activities.
- 2) Providing credit to industrial workers, merchants dealing in silver and silverwares, small scale industries and small traders and carrying on banking business. In a nutshell, the Bank has provided in its bye laws for all the basic needs of its member from womb to tomb. Therefore, it had become very difficult for the government authorities to register the Bank under Cooperative Societies Act and the Banking Regulation Act, 1949, Shri B.P.Patel, the then Registrar of Cooperative Societies, Bombay province, took personal interest and registered this Bank as cooperative Bank in 1950.

2. MAIN OBJECTIVES OF THE BANK :

- 1) To encourage thrift, self help and banking habits etc. among members and improve their economic conditions.
- 11) To act as an agent for purchasing commodities and distributing the same to the needs of the members.

# LOCATION MAP - HATKANANGALE TALUKA [SHOWING OPERATIONAL AREA OF BHRI. PAISA FUND BANK LTD., HUPARI]



- iii) To finance agricultural and domestic needs of the members.
- iv) To acquaint the members with new techniques of agriculture and business.
- v) To extend financial help and encourage domestic, small scale and cottage industries.
- vi) To extend all sorts of banking and business facilities to members.
- vii) To carry on processing activities in respect of agricultural produce like tobacco, to prepare hand mixed fertilisers and to provide transportation facilities.

3. AREA OF OPERATION :

The area of operation of the Bank is Hupari and the villages within 8 K.M. radius of Hupari. Pattankodili, Ingali, Rendal, Yalgud, Talandge, Randivewadi, Rangoli, Jangamwadi and Dangaon come under the area of operation of the Bank. The Bank is having its Head Office at Hupari, and branches at Talandge and Yalgud.

4. MEMBERSHIP :

The individuals from Hupari and above mentioned villages can become members of this Bank. There were 504 "A" class members at the end of first financial year. Now the membership is opened to "B" class members too. These members are treated as nominal members. There were 5783 "A" class members and 7039 "B" class members on 30.6.1985.

The membership is open to all individuals. Any individual can become a regular "A" class member by paying Rs. 10 as share value and Re. 1 as entrance fee. One can also become a "B" class member by paying only Re.1 as entrance fee.

5. THE FIRST BOARD OF DIRECTORS :

The Board of Directors and the Managing Director are elected once in three years in annual general meeting. One lady member and one scheduled caste member are also elected on the Board. The Directors are elected by secret ballot system. They are elected unanimously from the very beginning. This is a unique feature of this Bank.

The members of the first Board of Directors of the Bank were as follows<sup>5</sup>:

- |     |                    |                     |
|-----|--------------------|---------------------|
| 1.  | Shri.L.Y.Patil     | (Chairman)          |
| 2.  | Shri.D.N.Bhoje     | (Vice Chairman)     |
| 3.  | Shri.Y.R.Naik      | (Director)          |
| 4.  | Shri.S.N.Bhoje     | "                   |
| 5.  | Shri.A.B.Gat       | "                   |
| 6.  | Shri S.N.Vibhute   | "                   |
| 7.  | Shri.J.R.Soundatte | "                   |
| 8.  | Shri M.V.Mali.     | "                   |
| 9.  | Shri S.D.Kale      | "                   |
| 10. | Shri.A.B.Naik      | (Managing Director) |

6. FINANCIAL POSITION :

The financial position of the Bank is quite sound. It is continuously in profit and audit classification is "A" class. This can be seen from the following ;

1) SHARE CAPITAL AND OTHER FUNDS : AS ON 30.6.1985.

Authorised share capital	Rs. 1300000.00
Paid up share capital	Rs. 1266570.00
Reserve Fund	Rs. 619618.00
Other funds	Rs. 1754539.00

ii) DEPOSITS :

The total amount of deposits of all types as on 30.6.1985 amounted to Rs. 9932963. There are different types of deposits i.e. special deposits of 1 Year duration, fixed deposits of 3 months to 5 years, daily, weekly, monthly, and pigmy deposits, current deposits, cash certificate deposits, and permanent deposits. The interest on above deposits varies from 1% to 6%.

iii) LOANS AND RECOVERY :

The farmers get crop loans and medium term loans which are financed by District Central Cooperative Bank, through agriculture section of the Bank. Alongwith agricultural loans, the Bank also grants various types of other loans. This can be seen from the following table.

TABLE NO. 2.1

DIFFERENT KINDS OF LOANS GRANTED IN 1984-1985.

Kinds of Loans	Amount Rs.
1. Agricultural short term loans	2550924.00
2. Medium term agricultural loan, animal, Tractor, ele. motor etc. loans	761685.00
3. Non-agricultural loans	686302.00
4. Loan against Gold & Silver	3040930.00
5. Loans against Deposits	388247.00
6. Interest Free loans	43050.00
Total	7471141.00

Source : Annual Reports of the Bank, 1984-85.

It should be noted that alongwith other loans, Bank also give interest free loans to the college students/<sup>and</sup>the weaker section

iv) INVESTMENT :

The Bank invests in different fields. The investment of the Bank has been increasing on a higher rate. The fields of investment have also been extended. This can be seen from the following table.

TABLE NO. 2.2

THE BANK INVESTMENTS IN 1981-1982 and 1984-1985.

Investment	Year	
	<u>1981-1982</u> (Rs.)	<u>1984-1985</u> (Rs.)
1. Reserve Funds	409000	608000
2. Security Deposits	-	110200
3. Other time deposits	609487	570000
4. Call deposits	400000	2901999
5. Institutional shares	356400	266850
6. Bank Building	448800	446920
7. Godowns	238340	246050
8. Dead Stock	296694	177069
9. Current Assets	54976	178688

7. PROGRESS OF THE BANK :

TABLE NO. 2.3

PROGRESS OF SARI PAISA FUND SHEKTI SAHAKARI BANK From June 30, 1950 to 30th June 1985.

Year	Membership		Share Capital Rs.	Reserve Fund Rs.	Other Funds Rs.	Deposits Rs.	Working Capital Rs.	Investments Rs.	Members Loan Rs.	Profit Rs.	Dividend Rs.	Audit Class.
	A Class	B Class										
30.6.50	504	000	25940	504	000	99484	226175	300	61506	7	00	
30.6.55	832	307	52600	9167	1790	182071	207854	26890	124854	3430	5	
30.6.60	1042	1042	83360	22471	6567	280534	631733	81015	418281	14405	5	"A" from the
30.6.65	1528	12376	202910	57900	61978	574271	1617777	213072	685908	35304	6	beginning.
30.6.70	2171	3058	365710	132751	232297	1234648	4404602	374350	2113649	39916	9	
30.6.75	3067	3744	254095	474980	754095	561157	2262994	6307767	3394855	75957	9	
30.6.80	4595	5336	681400	286550	792811	4609474	9936000	1510288	4927645	170926	12	
30.6.81	4982	5681	785670	350810	977861	4819260	11022246	1958643	5914485	177078	12	
30.6.82	5321	5772	932530	413855	1150624	6068575	14269048	2059207	8175373	170171	12	
30.6.83	5558	6770	993320	476487	1297404	7258274	14976904	3534465	7447561	188616	12	
30.6.84	5753	6810	1104620	548312	1388786	7958275	14230667	2838755	8107719	191385	12	
30.6.85	5783	7039	1266570	619618	1754539	9932463	16445135	4190199	7471141	195554	12	

Source : Compiled from the Annual Reports of the Bank.



8. NON-BANKING OPERATIONS :

The unique feature of the Bank is that alongwith its banking operations, it has been carrying on non-banking operations and contributing to the welfare of the community at Hupari and neighbouring villages. The Bank is playing commendable role in the fields of Agriculture, Social Services, Health, Education etc.

Through its relief and development activities the Bank has certainly brought qualitative changes. The Bank has definite objectives and ideology behind its non-banking operations. The promoters of the Bank were simple and selfless people having compassion for the poor and the needy. With an objective of taking services to the door steps of the common man and serve him in totality of his life, they established this Bank. The Bank has been operating from the beginning with this ideology. It serves the people from womb to tomb. The Bank has launched a fight against five giants of Want, Ignorance, squalor, Idleness and Disease. It has started various non-banking sections for the benefit of members and the public at large. The non-banking operations undertaken by the Bank are presented in a nutshell in the following table..

TABLE NO. 2.4

NON-BANKING OPERATIONS OF  
SHRI PAISA FUND SHREYKI SAHAKARI BANK LTD., HUPARI  
DIST : KOLHAPUR

AGRICULTURAL DEVELOPMENT	SOCIAL SERVICES	EDUCATIONAL SERVICES	MEDICAL AND HEALTH SERVICES
1. IRRIGATION SCHEMES	1. GRAIN LOAN TO BACKWARD CLASSES PEOPLE	1. NURSERY SCHOOLS : donations, Payment of fees.	1. SUPPLY OF NURSING EQUIPMENTS.
2. TRACTOR SERVICES	2. PAISA FUND ZUNAKA SHAKAR YOJANA	2. PRIMARY SCHOOLS : Donations, Construction of School Building	2. MATERNITY BENEFITS
3. PAISA FUND FERTILISERS	3. RELIEF IN TIMES OF CALAMITIES	3. HIGH SCHOOLS : Financial Assistance For Books etc. Payment, Examination Fees.	3. CHILD HEALTH PROGRAMME
4. PROCESSING OF AGRICULTURAL PRODUCE	4. OLDAGE BENEFITS	4. JR. COLLEGES : Book Bank	4. EYE AND DENTAL CAMPS
5. MARKETING OF AGRICULTURAL AND CONSUMERS GOODS	5. BANK ASSISTANCE FOR CREMATION	5. COLLEGE STUDENTS : Loan Scholarships	5. X RAY FACILITIES
6. DEVELOPMENT PROJECT FOR AFFECTED FARMERS AND FARMERS TRAINING.	6. TAILORING SECTION	6. SHRI PAISA FUND SAHAKAR, QUARTERLY	6. FREE VEHICLE TO PATIENTS
	7. ROLE OF THE BANK FOR BETTERMENT OF WOMEN	7. MONTHLY MEETINGS	
	8. EMPLOYMENT PROMOTION SCHEME	8. MORAL EDUCATION	
	9. THE PUBLIC MARRIAGE SCHEME		

SOURCE Compiled From the Bank Records.

R E F E R E N C E S

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2. Naik Bapusaheb and Patil Appasaheb Maharashtra-Chi  
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3. Ibid P. 3.
4. Statistical Statements Relating to operations of Urban  
Cooperative Banks in Maharashtra from 1983-84, P. 22.
5. Shri Paisa Fund Bank, Silver Jubilee Issue 1978 P. 31.