

CHAPTER - VII

VARIOUS TYPES OF CO-OPERATIVE SOCIETIES\_ SOME CASE STUDIES

## C H A P T E R - V I I

### VARIOUS TYPES OF CO-OPERATIVE SOCIETIES-SOME CASE STUDIES

#### INTRODUCTION :

In this chapter an attempt is made to study intensively the working of Co-operative societies vis<sup>4</sup>vis their size-membership functions capital structure performance and their problems. For this purpose four types of co-operative societies are studied in this chapter.

These are as below :

- 1) Agricultural credit co-operative society.
- 2) Kersuni (brooms) Utpadak co-operative society Ltd.
- 3) Housing co-operative societies.
- 4) Co-operative farming societies.

TABLE NO. 7.1

types-  
 NUMBER OF CO-OPERATIVE SOCIETIES OF VARIOUS FORMED BY SC/ST  
 PEOPLE IN HATKANANGALE TALUKA AS ON 30.6.1984.

Types of Societies	Working	Stagnant	Total
A: <u>AGRICULTURAL</u> Co-Op.			
I) Co-operative Farming Societies.	1	4	5
II) Agricultural credit Co-op. Soc.	-	1	1
III) Irrigation Co-Op.Soc.	4	7	11
IV) Machimar Co-Op. Soc.	1	-	1
V) Dairy Co-Op.Soc	1	1	2
B: <u>Non-Agricultural</u> <u>Co-Operatives</u>			
I) Labour Co-Op. Soc.	-	1	1
II) Urban Credit Co-Op-Soc	1	-	1
III) Powerloom Co-Op.Soc.	-	1	1
IV) Tanners Co-Op.Soc.	1	1	2
V) Broom-making Co-Op. Soc.	1	-	1
VI) Readymade cloths manufacturing Co-Op. Soc.	1	-	1
VII) Poultry Co-Op.Soc.	1	-	1
VIII) Housing Co-Op-Soc.	8	24	32
Total	20	40	60
Percentage	33.33	66.67	100 %

It is seen from the Table No. 7.1 that there were two types of Co-operative societies mainly Agricultural Co-operative and non-agricultural Co-operatives. Agricultural Co-operatives consists of Co-operative farming Agricultural credit co-operative societies, Irrigation Co-operative Machhimer and Dairy Co-operatives.

On the other hand non-agricultural Co-operatives consist of labour Co-operatives, Urban credit, powerloom Co-operatives, Tanners and Broom making Readymade clothing co-operatives, Manufacturing, Pottery, Farming and Housing Co-operative Societies.

From the above table it is clear that the number of Co-op housing societies is comparatively more than that of other types of co-operative societies, followed by the irrigation co-operative societies.

Further table 7.1 indicates about working and non-working (Stagenant) co-operative societies, from the table it seems that out of 60 co-operative societies, only 20 or 33.33% co-operative societies were working and the 40 or 66.67% co-operative societies were stagnant. Another notable thing is that among stagnant co-operative societies proportion of housing societies is greater than other type of co-operative societies.



TABLE NO. 7.2  
Financial Resources structure of sample Co-operative societies as on 30.6.84.

Type of the Co-Op. Soc.	Share Capital in (Rs.)	Govt. subsidy. (Rs.)	Loans from Co-Op. Soc. (Rs.)	Reserve funds (Rs.)	Total Liabilities (Rs.)
1. Co-op. Farming Societies.	4060	-	-	334	4394
2. Irrigation Co-Op. Soc.	240	16000	-	-	16240
3. Machhimar Co-Op. Soc.	6630	5000	13132	1905	26707
4. Labour Co-Op. Soc.	1010	5000	1000	-	7010
5. Kersuni Utpadak Co-Op. Soc.	12260	36000	11020	224	59404
6. Tanners Co-Op. Soc.	16700	13000	20000	185	49885
7. Readymade clothing manufacturing co-operative Soc.	3500	600	5000	-	9100
8. Poultry Co-Op. Soc.	17730	6000	47500	965	72195
9. Housing Co-Op. Soc.	2500	47000	55618	300	105418
Total	64670	128600	153270	3813	350353
Percentage to the total	18.46	36.70	43.75	1.8	100

Table No. 7.2 shows financial resources structure of these sample co-operative societies. Above table shows various sources from which these co-operatives get finance, namely share-capital subsidy from Govt., loans from co-operative banks and Reserve Fund.

Table No. 7.2 indicates that sampled co-operative societies had borrowed 43.75% loan from co-operative banks and next to this source these societies had borrowed nearly 37% amount out of their total liabilities from Government in terms of subsidy.

Share capital of the members of the societies 18.45%  
The remaining sources of finance of these societies was Reserve fund from this, it is clear that some of these societies have no reserve fund and the amount raised through this source by these societies is very meagre that is to 1.08%.

From the above table we conclude that these co-operative societies are mainly depending on co-operative Bank and on Government for their financial needs.

Bhadole Harijan Sheti Sahakari Karyakari Patpadhi Maryadit, Bhadole.

Date of Registration	: April 7, 1942
Area of operation	: Bhadole Village
Class of Audit	: "D"
Number of Members	: 119
Total share Capital	: Rs. 9255/- only.

INTRODUCTION:

This society is located in the village Bhadole, in the Hatkanangale Taluka. This is the only society formed by scheduled caste people in this taluka. This society is very old one and the working of this society was very good till 1973. It has won a number prizes from the co-operative department for its efficient working. But after 1974 the working of this society has not been satisfactory. The cause of the problem is that the members are not so interested in the repay the loans to the society.

The transactions of the society during 1977 to 1980 are given below :

Sr.No.	Particular	Year		
		1977-78	1978-79	1979-80
1.	Member share capital	9255	9255	9255
2.	Member loan Advanced	300	-	-
3.	Member loan repaid	697	334	104
4.	Member non received loans	12149	11815	11711
5.	Profit of the society	220	137	171
6.	Management expenses	343	341	639
7.	Net loss	123	204	468

The above chart shows that during the above mentioned period the society had not advanced the loans to the members.

The loan recovered by the society during the period of 1978-79 was Rs. 334/- only and the amount of the unsecured loans is Rs. 11815/- only. During the period of 1979-80 the society had recovered the amount of the loans of Rs. 104/- only. And at that time the amount of the overdues was Rs. 11711/- only. All the overdues of the loans taken by the members is completely recovered. The managing committee is not alert in recovering the loans advanced from the members. All the members of the society are defaulters so the society is not in a position of advance loans to the members who are badly in need of it. All the capital of the society is blocked in the already advanced loans so the society could not get fresh loans from the district



co-operative Bank. The management expenses of the society are more than the loan transactions of the society. The period of 1979-80 the society had not advanced ~~the~~ single rupee or loan to the members but ~~the~~ management expenses are increasing constantly from the year 1977-78 e.g. during ~~the~~ period of 1977-78 the management expenses, were Rs. 343 and this increases upto Rs. 638 during the year 1979-80.

Causes of the Inefficiency of the Society :

- 1) The members are not interested in working <sup>of</sup> ~~the~~ society and repaying the loans.
- 2) Almost all the members are defaulters.
- 3) The society was suffered from the fraud done by the assistant secretary.

Due to the above reasons the financial position of the society is not satisfactory. The managing committee of the society is reluctant about the recovery of the advanced loans.

BHODOLE HARIJAN SHETI SAHAKARI KARYAKARI PETPEDHI MARYADIT,

BHADOLE

Financial position of the Credit Co-operative Soc.  
as on 30.6.1980.

<u>Liabilities</u>		<u>Assets.</u>	
Member shares	9255	Cash in hand	37.64
Member Deposit	393	Bank current ledger	607-36
Reserve fund	770	Bank shares	550.00
Bad debts fund	114	Share of Co-Op	
Building fund	10	federation	25.00
Sur charge	2	Taluka co-op, Federation	
Notice fees	1	federation share	200.00
Cadre fee	568	Reserve fund	
B.D.O. Subsidy	66	deposit	
Bhadole soc.	808.96	Investment	585.00
Deposit	69.75	Bad debts fund	
Previous Bal. Profit	5509.60	Invested	128.00
Education fund	20.00	Member loan	8247.17
Extra Interest	18.88	Member loans	3463.99
		Dead stock ledger	61.00
		Liabriary	15.00
		Balance due	37.08
		Loan Balance	2968.96
		Previous loss	327.24
		Current loss	468.65
		Bank Interest	35.80
	<u>17606.19</u>		<u>17606.19</u>

Jaywantrao Awale Kersuni Utpadak Co-operative society Ltd.

Shiroli Taluka Hatkanangale Dist: Kolhapur.

Date of Registration : 7th Oct, 1981.

Total Numbers of members : 124

Location of the society :

The society is situated in the village called Shiroli. It is located on the poona-Bangalore National Highway and on the left bank of the Panchanganga river. It is 5 Kilometers away from the District place- Kolhapur.

There are 50 families belonging to Mang community which is included in the SC community. There are nearly 1000 family members and almost all the working population is engaged in their traditional occupation mainly " Broom-making" during period of investigation it has come to notice that none of these families had their own farm . All the members were found depending for their livelihood either on their traditional occupation or farm labour.

Though almost all families were engaged in their traditional occupation. There was no security and regularity in getting raw material (today leaves) for their occupation. Some of the rich persons of their community were used to supply today leaves to these families. But the price of the raw material supplied by these traders were exorbitant and the exploitation was widespread.

Accute poverty and detoriating economic condition and exploitation by traders all these factors provoked them to organise a co-operative enterprise for the supply of toddy leaves.

Motivation:

Some of the young social workers of their own community and a political leader of that community took interest in forming the co-operative society.

OBJECTIVES OF THE SOCIETY :

- 1) The society aims at providing raw materials for broom making and other things.
- 2) Society acts as marketing agent on the behalf of their members artisans.

WORKING OF THE SOCIETY :

The society was registered in the 7th October 1981. There were 124 members in the society. Each member of this society contributed Rs. 10/- as share capital and the total share capital at the begining was Rs. 1240/- the first 58 members got the Rs. 190/- as a loan for purchasing shares of the society from the Backward class Economic Development Corporation. In addition to this, state Govt. provided share capital amount of Rs, 36000/- to the society. Now the total share capital of the society is Rs. 48,260/-. The operation area of the society was mainly

limited to shiroli village but recently other villagers of the same community are also taking the benefits of the society.

All the members of the society are traditionally skilled in broom making and so they make very nice and high quality brooms. The broom is essential item in every household. There is no problem of marketing brooms. The village shiroli is very near to the district place kolhapur. It is big market centre so there is large demand for brooms.

Society is playing an important role in changing the deteriorating economic conditions of its members. Now each member is earning daily income of Rs. 18 to 20 per day. and their weekly savings amount to Rs. 5 to 20.

During the investigation period interviews and discussions with officials and members of the society revealed some of the difficulties mainly malpractice of the traders before forming of this societies. They told that some of the traders of the raw materials of their own community were selling a bundle of toddy leaves for Rs. 30 and now the society is providing a bundle of toddy leaves for Rs. 15/- means now the members of the society are getting toddy leaves at cheap rate.

This is one of the benefits of the society. The benefit is that they are getting raw material regularly. Now because of the formation of the society, it has been possible for the members to get full employment throughout the year and now there is no more

need of working farm labour.

DEVELOPMENT PLANS OF THE SOCIETY :

Society built a warehouse for storing toddy leaves and finished products.

Society proposes to build common workshed to avoid all the problem in broom making of its members.

In addition to broom making society proposes to manufacture other items from the same raw material (siting mats, lengthy brooms).

The commissioner of the co-operatives admired and praised the working of this society.

The financial position of the society is shown in the following balance sheet of the society and in the statistical abstract.

Jaywantrao Awale Kersuni Utpadak Co-operative society Ltd. ShirolFINANCIAL POSITION OF THE SOCIETY AS ON 10.7.1982.

<u>Liabilities</u>		<u>Assets</u>	
Authorised share capital	100000	Cash in hand	827.56
Paid up share capital		Saving deposit	
Members shares	12260	with co-op. Bank	20100.95
Govt. Shares	36000	Deposit with other	
Shares capital from		Bank	6045.00
Mahatma phule finance Co.	11020	Loans	
Subsidy from Govt.		Members share	
for Tools and impliments	1000	capital	
Loan for purchasing tools	1000	Loan from Mahatma	
Reserve fund	12400	phule financeor	11020.00
Net profit	10252	Unused stock of	
		raw material	11226.00
		Tool implements	1000.00
		Advance	
		Goods purchases	5300.00
		Dead stock purchased	1930.00
		Warehouse construction	
		cost.	14200.00
	<u>71650</u>		<u>71650.00</u>

## HOUSING PROBLEM OF THE SC/ST POPULATION IN HATKANANGALE TALUKA

### INTRODUCTION :

Housing ranks next to food in human life. "For the most families, the sort of home they live in, affects their happiness much more intimately than almost anything else in their physical environment."<sup>1</sup> In country like India, this is more true because there is very little of outside recreational activities like club, sport etc. for majority of the families. Moreover, housing accommodation plays important part in maintaining the health and efficiency of the community.

But investment in housing can not be regarded just a consumption item.<sup>2</sup> It is also possible to argue on the line of Prof. T.W.Schultz's thesis that investment in housing is productive investment in human capital. Similarly, housing investment forms an integral part of the industrial development because house-building absorbs some major products like cement, steel, glass, sanitary ware etc. and it provides considerable employment potential."<sup>2</sup>

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1. Lionel Needleman : "The economics of Housing Staples Press, London 1965.
  2. Dr. P.S. Lokanathan : "Report of proceedings of Symposium of Housing Finance National Building organisation and UNESCO" 1965.



Housing occupies an essential place in the cumulative ~~cultural~~ development process. Development of housing units not only satisfies human needs but also a stimulus for improvement of social conditions and broad human aspirations. Housing in rural area constitutes species of the total genesis of Economic and social activities of the state.

MOTIVATION BEHIND FORMING CO-OPERATIVE HOUSING SOCIETIES :

The urgency of housing among SC/ST people in Hatkanangale Taluka has been felt for number of reasons prominent among them are below :

- 1) Unexpected growth of population.
- 2) Depreciation of the existing housing accommodation.
- 3) Need for adequate shelter.
- 4) Availability of cost free land from Govt.
- 5) Increased income of SC/ST people those who are living in urban centres.

MEMBERSHIP :

Majority of the members were found to be agricultural labourers and industrial workers. But the porpotion of the members engaged in other occupations such as business, Govt. Service, rural artisians was found to be less.

ECONOMIC CONDITION OF THE MEMBERS :

Majority of the members of the co-operative societies were found belonging to annual income group between Rs. 2500/- to 5000/-.

SOURCE OF FINANCIAL RESOURCES FOR THESE CO-OP. HOUSING SOCIETIES :

Co-operative housing societies formed by SC/ST people raise necessary capital from following ways :

- 1) Share Capital.
- 2) Subsidy from Zilla parishad and long term finance from Maharashtra Co-operative Housing finance society, Bombay.

TABLE No. 7.3

Table showing the yearwise Registration of Co-operative  
Housing societies by SC/ST Hatkanangale Taluka :

Year of Registration	Total number of co-operative societies in the said year.
1954	1
1955	1
1956	1
1957	1
1958	-
1959	-
1960	1
1961	-
1962	2
1963	1
1964	-
1965	-
1966	1
1967	-
1968	2
1969	1
1970	-
1971	-
1972	-
1973	-
1974	3
1975	4
1976	3
1977	3
1978	1

Year of Registration	Total number of co-operative societies in the said year.
1979	2
1980	-
1981	1
1982	2
1983	1
1984	-
Total	32

Source : Deputy Registrar of Co-operative societies taluka Hatkanangale. The above table No. 7.3 shows the yearwise registration of co-operative housing societies formed by ST/SC people in Hatkanangale taluka. From this it is clear that expect in 1973 and 1975 there was no significant increase in registration of the co-operative housing societies during the last thirty years.

TABLE NO. 7.4

Area-wise progress of the co-operative housing societies formed by SC/ST people the number of societies registered and membership at the end of June 1984.

Area of operation	Total No of housing soc.	Percentage to the total	Total No. of members	Percentage of the total
Rural	26	81.25	1239	87.07
Urban	6	18.75	184	12.93
Total	32	100.00	1423	100.00

The table No. 7.4 shows the areawise progress of co-operative Housing societies. Out of the total 32 co-operative housing societies, 26 or 81.25 societies were registered in the rural area and remaining 6 or 18.75 co-operative societies were registered in the Urban areas.

The table No. 7.4 also indicates the areawise membership of co-operative Housing societies. From the above table <sup>it</sup> is clear that out of the 1423 members the total membership of the rural co-operative Housing societies was 1239 or 87.07% and 184 or 12.93% of the Urban co-operative Housing societies respectively. From the above data we may conclude that people in rural areas have been taking more initiative in forming such type of societies.

Table No. 7.5

Areawise performance of co-operative housing societies formed by ST/SC people at the end of the 1984.

Area	Working Housing co-op.soc.	No.of non-working co-op. Housing Soc.	No. of house constructed.
Rural	7	19	409
Urban	1	5	48
Total	8	24	457

In the above table comparision is made between areawise performance of co-operative housing societies formed by SC/ST people in Hatkanangale taluka.

From this it is clear that in rural area the total number of working co-operative housing societies is compayatively more than that of in the rural area. There were 7 working co-operative housing societies. While there was only one working housing society in urban area. Further table No. 7.5 indicates that there were 19 non-working co-operative housing societies in rural areas. While in urban area they were 5 in number.

From the above data we may conclude that there is very slow growth of the co-operative housing societies in both the rural and urban areas.

It is necessary to note that more registration of housing societies is not true indicator of the progress made by the co-operative housing movement. There is considerable time gap

between the date of registration and the commencement of construction work on site. Further the table 7.5 shows that since 1954 to 1984 out of 32 registered housing societies only 8 could construct house for their members.

Problems of Co-operative Housing societies formed by SC/ST people in Hatkanangale taluka.

- 1) Majority of the officials of the co-operative housing societies expressed the difficulty that members did not contribute even share capital to the societies. As a result due to inadequate share capital it become impossible for the co-operative housing societies to get loans from the housing finance agencies.
- 2) Another problem faced by these societies is that in rural area co-operative housing finance societies sanction maximum amount of Rs. 4000/- to per member. But actually this amount is quite insufficient to undertake construction work in recent times due to emensehike in prices of construction materials. It is not possible even to construct foundation of a members house within limited loan.
- 3) Owing to the lack of proper co-operation from the members of these co-operative housing societies and their ignorance of bye-laws and their actual working. It has become impossible to manage these co-operative housing societies.
- 4) Though Government's revenue Department provide free sites housing purposes to these societies; in actual paractice the officials of the revenue department show their reluctance to

hand over the free sites to the societies. This is because of their usual practice of bribery and corruption.

5) Another problem faced by these societies is that the procedure of forming Copoperative Housing Societies and getting finance from housing Finance agencies is very complicated. The result is that the illiterate members and the less educated officials of these societies find it difficult to solve the problems that arise in the working of these societies.

6) Some of the officials of the Co-operative Housing Societies expressed their views about bye-laws of the Co-operative Housing Societies. They were of the opinion that the existing bye-laws did not help to promote co-operative housing movement rapidly. They also felt that the maximum financial limit in the case of the rural Co-operative Housing Societies should be increased above Rs. 4000/- as the prices of the raw materials had been increased.

7) Majority of the officials of the Co-operative Housing Societies complained that the officials of the Co-Operative department were not enthusiastic about providing necessary information about the procedures of forming Co-operative Housing Societies.

As a result they had suffered great inconvenience and incur great expenses from time to time on account of their



visi~~f~~ to these officials at taluka and district places. This type of expenditure is unnecessary and beyond the capacity of the societies to incur.

CO-OPERATIVE FARMING SOCIETIES IN HATKANANGALE TALUKA :INTRODUCTION :

During the period of investigation, it has come to notice that there were 5 co-operative farming societies. Out of these only one co-operative farming society was found to be working efficiently and remaining 3 were found to be dormant due to various reasons.

Almost all the co-operative Farming societies are of the collective type. This is because of that the distribution of the fallow land to the scheduled caste people by the State Government under the first and second five year plan. These people were landless agricultural labourers in villages.

The land was fallow and it was without irrigation facilities these societies were granted lands by Govt. at nominal charges. The lands granted to the societies were medium black type. Though the soil is not of poor quality, it is not so rich either. It was moisture retentive and get hard during the dry season. Although part of the land was heavily eroded, afterwards almost all the societies constructed earthen bunds on lands to stop soil crosion.

TABLE No. 7:6

PROGRESS OF THE CO-OPERATIVE FARMING SOCIETIES FORMED BY THE  
SC/ST PEOPLE IN HATKANANGALE TALUKA.

Type of farming society	No. of societies	Total membership	Area covered in hec.	Area cultivated in hec.
Collective co-op.				
farming soc.	4	263	242	186
Joint co-op.				
farming soc.	1	58	32	34
Total	5	321	274	220

It is seen from this table No. 7.6 that there were 5 co-op. Farming societies out of these 4 were collective type and one was joint farming.

Further this table also shows the total membership of these societies. There were 321 members of these societies and the total area covered by these societies was 274 hectares. Further this table also indicates the area actually cultivated ~~by~~ by these societies out of 274 hectares 220 hectares area was actually under cultivation.

Another notable thing in the case of co-operative farming societies, 4 were formed on government lands. This was because of government policy of giving government lands preferably to the SC/ST people.

Lastly we can see from the above table that there is some

gap though very small between the area under command and area under cultivation. The reason for this is that these societies also possess some grass lands kept for grazing purposes.

#### THE SIZE OF CO-OPERATIVE FARMING SOCIETIES. :

The size of the society on government lands depends largely on the availability of land. But even then there is trend for small size societies of the four collective farming societies area owned by these societies the range is between 32 hectares to 94 hectares. Average size of the co-operative farming societies in the Hatkanangale is very small.

#### IRRIGATION :

All the societies were found without irrigation facilities. In the collective co-operative farming societies in security of tenures of the members restricted the capacity of the societies to invest in irrigation.

#### AGRICULTURAL PRACTICES :

Improved agricultural practices like the use of fertilizers manures, improved seeds pesticides and better implements were not followed by most of the co-operative farming societies. They found it difficult to adopt improved practices due to want of managerial and technical guidance and lack of <sup>Financial</sup> resources.

MECHANISATION :

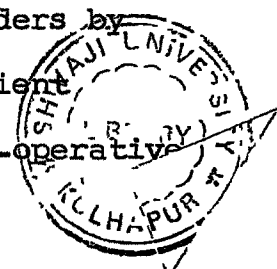
All the co-operative farming societies are unable to have greater mechanisation. They are completely inexperienced, about the use of implements like winnowers, threshers, Harrows, Disploughs etc. Instead of using modern farm implements, these societies use bullock drawn, traditional farm implements.

CASES OF FAILURE OF CO-OPERATIVE FARMING MOVEMENT IN HATKANANGALETALUKA :-

1) People have no relish for forming co-operative farming societies due to the lack of co-operative spirit on their part. Although in the case of existing co-operative societies the Government had shown interest and provided agricultural lands to the SC/ST people at nominal charges, it is clear from this that the government initiative could not be a stimulus in strengthening co-operative farming movement.

2) Lack of irrigation facilities. In case of all these co-operative farming societies due to lack of water supply. They have been unable to raise the cash crops and as a result their economic condition could never improve.

3) During the period of investigation, it was found that some of the officials of these societies were involved in malpractices for example in the case of one society it was found that the officials had borrowed loans from the private money lenders by mortgaging society's land. Another reason for inefficient working of these societies is that majority of these co-operative



farming societies have been not keeping their own farm animals and farm implements they used to these things hire from other farmers.

4) The majority of the officials are illiterate and unfamiliar with the principles of co-operation. As a result they are not capable to manage these societies efficiently.

5) Another reason for inefficient working of these societies is that majority of these co-operative farming societies have been not keeping their own farming animals. Instead of keeping own farm animals they used to hire these things from other farmers.

6) Another reasons contributed to the dilapidated economic condition of these societies is that these societies have to bear litigation expenses to avoid intervention by the non-members in the working of these societies.

7) During the period of investigation it was come to notice that members of these societies are not interested in cultivating lands on co-operative lines. Instead of this, they want to share all the available land among themselves and such type of attitude of members towards co-operative farming is the most important cause of inefficient working of these societies.