
CHAPTER - III

GROWTH OF URBAN CO-OPERATIVE BANKS IN KOLHAPUR DISTRICT

CHAPTER-III**GROWTH OF URBAN CO-OPERATIVE BANKS IN KOLHAPUR DISTRICT****3.1 HISTORICAL BACKGROUND :**

Kolhapur is known as Dakshin Kashi. It is known as Kalapur also. There are some basic factors carrying the development of Kolhapur. Chhatrapati Rajarshi Shahu Maharaj who was committed to the social development played an important role in the development of Kolapur. He came to power from 2.4.1894. From the very beginning of this region he had made some efforts to improve the economic, social as well as educational conditions of the people of his sansthan known as Karveer. He had advanced credit to improve agriculture but most of the non agricultural classes were dependent upon the lenders (Pathans, Mahajans) in respect of financial assistance. It was rather difficult to finance all the business activities carried on by the local people. Hence, he thought that, the industrial as well as commercial activities should be financed by the collective institutions.

All tahsils included in Kolhapur state before 1913 are today in Kolhapur district. Basically the financial requirements of people were concerned with the agricultural activities. Predominantly the debtor class was of farmers, traders, and industrialists. Because the credit societies were not in existence, at that time the Kulkarnis and the money lenders were

exploiting the poorer class by advancing loans. Most of the loan requirements were met by the money lenders, Mahajans, Imperial Bank and the treasury of the sansthan. There were 2946 money lenders in 1891 and they advanced loans of the amount of Rs. 10834000. The rate of interest charged by the money lenders was 12 to 30%. Though the credit requirements of the people were high; British Government was totally neutral regarding the financing activities. But Chhatrapati Shahu Maharaj was one who was eager to develop the agriculture, trade and commerce and the industries. These business activities were concentrated in the hands of a few selfish people consequently, the credit supply was inadequate with the high interest rates. Therefore, Chhatrapati Shahu Maharaj took the decision to finance the poor farmers, small traders, tiny industrialists as well as the craftsmen.

In 1904 the Co-operative Societies Act was passed by the Government of India. On the basis of this Act Chhatrapati Shahu Maharaj was going to establish the credit societies in order to meet the financial requirements and to encourage the business activities in the state. For the purpose he made some correspondence with Bombay Presidency and brought the information, by-laws and other necessary documents. He read all the documents carefully and emphasised on the establishment of Co-operative Societies in the Kolhapur State. While emphasizing establishment of Co-operative Societies he stated

that, "Economic prosperity is dependent upon industrialization. People should establish co-operative factories, co-operative societies as well as co-operative marketing. If it is done by the people Kolhapur state is ready to help them." ¹

From the above discussion it is clear that, Chhatrapati Shahu Maharaj is the pioneer of Co-operative movement in Kolhapur district. Though the origin of co-operative movement finds its beginning in The Europe ⁱⁿ 19th Century, in our country and particularly in Kolhapur district, co-operative movement took place in order to finance industrial development, to rescue of the people from the money lenders' exploitation and to meet the other financial requirements of the people.

3.2 ESTABLISHMENT OF URBAN BANK; A BEGINNING OF CO-OPERATION

Before the establishment of co-operative societies, the bank of Kolhapur, Imperial Bank of India, Postal Bank, Solapur Bank, Jagdguru Bank, Southern Maratha Bank were in existence. But industrialists, traders and consumers were not adequately financed by these commercial banks. People were unhappy with the functioning of the commercial bank. Money lenders were exploiting poorer class. Hence, Chhatrapati Shahu Maharaj initiated a move to solve the financial problem through the medium of co-operation. At the same time in 1904 co-operative societies Act was passed. In 1912 All India Co-operative Societies Act was passed by considering the functioning of the

co-operative societies and the same act was implemented by Chhatrapati Shahu Maharaj in Kolhapur state in 1913. The Kolhapur Urban Co-operative Society Ltd., (The Kolhapur Urban Co-operative Bank) is the first society in the state which was established on 24.5.1913 and it became the mother of all other co-operative Societies in Kolhapur. The Kolhapur Urban Co-operative Society Ltd., was established under the leadership of Honble Bhaskarrao Jadhav. Therefore, though, Chhatrapati Shahu Maharaj is the spirit behind co-operative movement in Kolhapur district, Hon. Bhaskarrao Jadhav is the father of co-operative movement in Kolhapur district.

3.3 EXPANSION OF BANKS IN KOLHAPUR DISTRICT :

After the establishment of Urban Co-operative Bank in the district various credit co-operative and other co-operative societies were established in various parts of the district. Some of them are started by Hon. Bhaskarrao Jadhav. He has not only started various institutions but also inspired others to set up the various institutions. In 1917 the following institutions were working in the district.

- 1) Kolhapur Urban Co-operative Society Ltd.,
- 2) Balbhim Co-operative Society.
- 3) Varunthirth Co-operative Society.
- 4) Kolhapur State Servents Co-operative Society.

- 5) Satpathdarshak Co-operative Society.
- 6) Gadhinglaj Paraspar Sahyakari Co-operative Society.
- 7) The Nillewadi Co-operative Society.
- 8) Kumbhoj Co-operative Society.
- 9) Thane Co-operative Society.

In the beginning these institutions were working as limited as well as unlimited societies. In 1945-46, 461 societies were working in the district. Among them banks and credit societies were as follows.

Table 3.1 : Banks and Credit Societies in Kolhapur District

Sr.No.	Particulars	Unlimited	Limited	Total
1	Banks	-	08	08
2	Societies(Non agriculture)	07	12	19
3	Backward credit Societies			
	a) Urban Region	05	-	05
	b) Rural Region	35	-	35
	Total	47	20	67

Source : Advocate Shamrao Shinde, Urban Co-operative Banks in Kolhapur District. Smaranika 1988 P.No.88.

The above table shows that, at the end of 1945-46 the number of unlimited credit societies was 67. It means that as compared to the total co-operative societies their proportion was only 15%. Particularly in that period 8 co-operative banks were in existence which were operating on the basis of limited responsibility.

Table 3.2 : Co-operative Banks and Societies in Mahal and Patha

Sr.No.	Mahal-Petha	Societies	Banks
1	Kolhapur City	24	08
2	Karveer Petha	50	-
3	Hatkanangale	56	-
4	Shirol	27	-
5	Radhanagari	33	-
6	Panhala	23	-
7	Bhudargad	19	-
8	Gadhinglaj	24	-
9	Shahuwadi Mahal	10	-
Total		266	08

Source : Advocate Shamrao Shinde-Urban Co-operative Banks in Kolhapur District. Smaranika 1988

Table No.3.2 shows that upto 1945 i.e. before independence, only 8 banks and 266 societies were established in Kolhapur state. But all the 8 co-operative banks were located in Kolhapur City. None of the banks was established in Pethas.

We find that, most of the credit societies were located in Hatkanangale Petha followed by Karveer Petha. But in Shahuwadi Mahal a few societies were established.

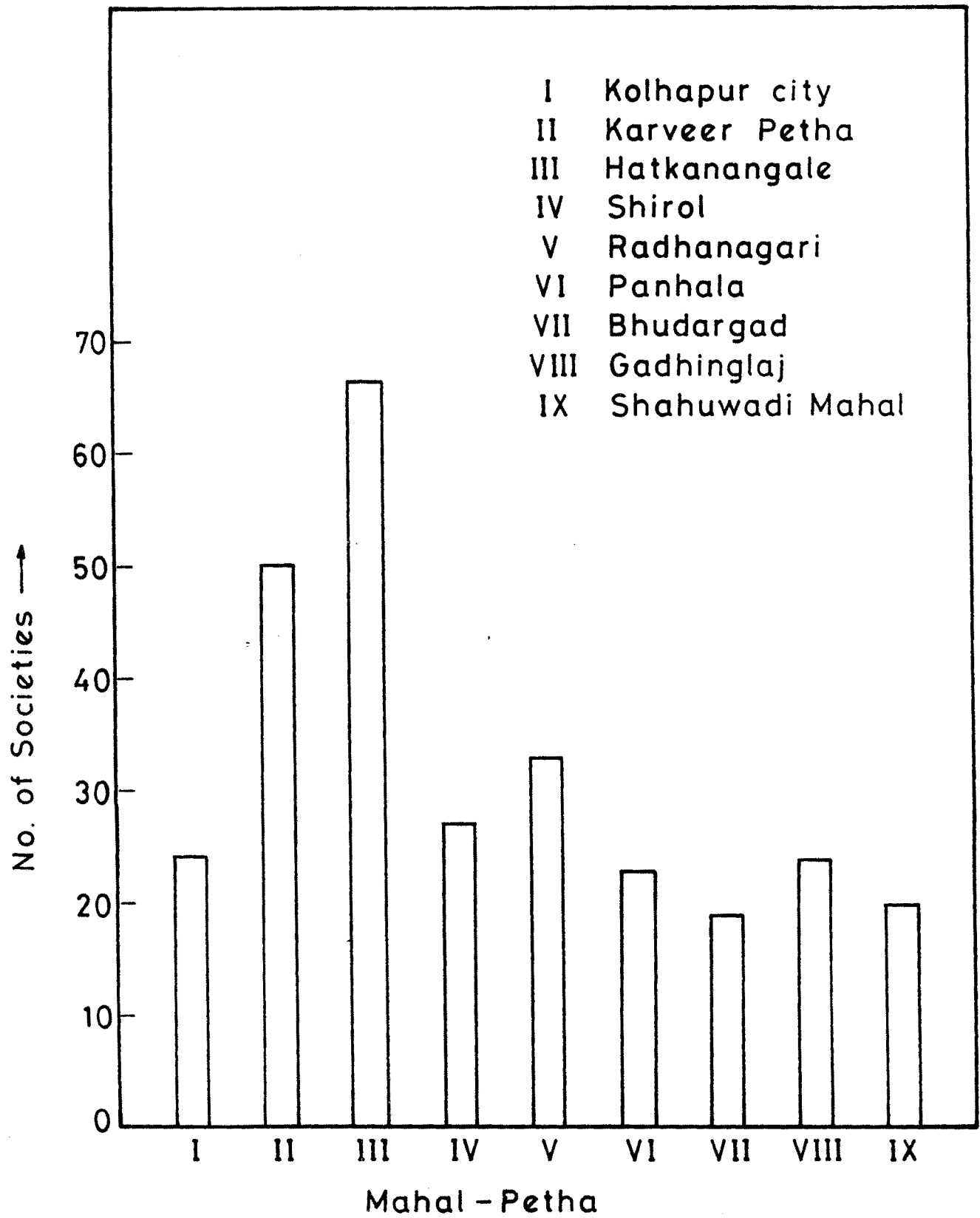


Fig. 3 Co-operative Banks and Societies in Mahal and Petha .

Table 3.3 : Growth of Urban Co-operative Banks in Kolhapur Dist.

Sr.No.	Period	Urban Co-op.Banks
1	1913 to 1920	03
2	1921 to 1930	02
3	1931 to 1940	04
4	1941 to 1950	02
5	1951 to 1960	07
6	1961 to 1970	10
7	1971 to 1980	12
8	1981 to 1987	02
Total		42

Source : Advocate Shamrao Shinde-Urban Co-operative Banks in Kolhapur District Smarnika 1988 P.8.

Table No.3.3 focusses light on the growth of Urban Co-operative Banks during 1913 to 1987. It shows that the number of banks increased during the independence period. There were 42 urban co-operative banks in Kolhapur state. Except Bombay presidency Kolhapur district was the only district in Maharashtra in which the co-operative banks were established in such large numbers. The reason behind it is the initiative of the co-operators in the Kolhapur district.

During the period of 30 years i.e. 1951 to 1980, 29 banks were established. It means that on an average one bank was

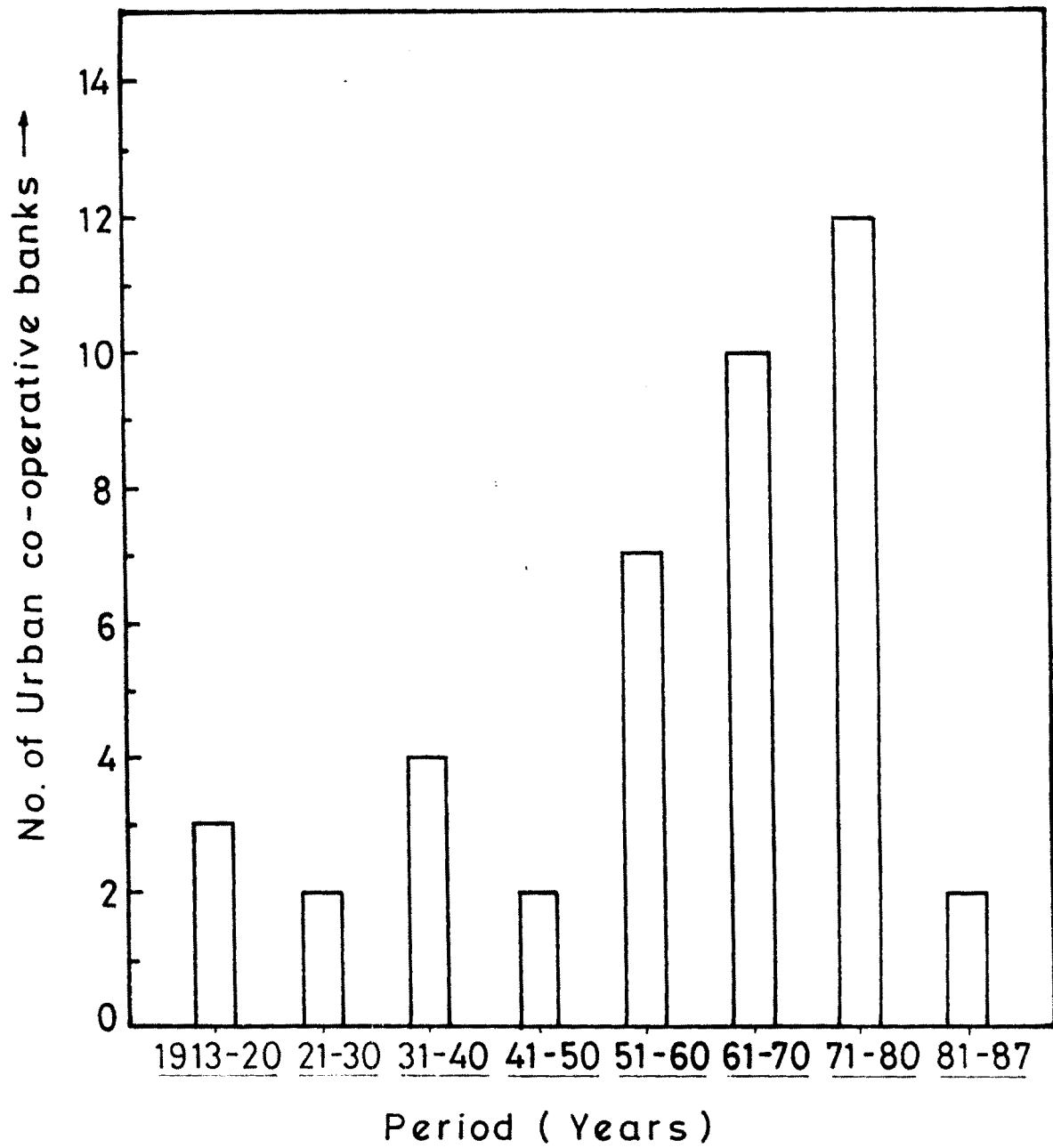


Fig.4 Growth of Urban co-operative banks in Kolhapur district .

established every year. In the beginning of the planning year the number of co-operatives increased. But after 1980 the branch expansion has taken place rather than establishment of co-operative banks.

Table 3.4 : Talukawise Distribution of Banks in Kolhapur Dist.
(30.6.1987)

Sr.No.	Taluka	Banks
1	Kolhapur City	15
2	Karveer	02
3	Hatkanangale	11
4	Shirol	04
5	Radhanagari	-
6	Panhala	02
7	Bhudargad	-
8	Gadhinglaj	02
9	Shahuwadi	-
10	Kagal	03
11	Ajara	02
12	Chandgad	01
13	Gagan bavada	-
Total		42

Source : Record from Office of Deputy Registrar from Kolhapur

The above table No.3.4 shows talukawise distributior of urban co-operative banks in Kolhapur district. The table shows that, the growth of the urban co-operative banks ir Kolhapur district is uneven. On 13th June 1947 out of 42 banks in the district 17 banks are established in Karveer Taluka. Out of the 17 banks 15 are established in Kolhapur City only. It is clear that near about 36% banks are established in Kolhapur City only.

Followed by the Karveer Taluka, 11 Urban Co-operative Banks are established in Hatkanangale Taluka. If we consider the growth of urban co-operative banks in case of the Hatkanangale Taluka there is also uneven distribution of the banks. Most of the banks i.e. 8 banks are established in Ichalkaranji only. Ichalkaranji is the place where the powerloom industry is located. Unfortunately there are some talukas in the district which are located in hilly areas to the West of the district, particularly Radhanagari, Bhudargad, Shahuwadi and Gaganbavada, where urban co-operative banks were not established. It is implied that the economic development of district is uneven. These hilly talukas are totally undeveloped.

Table 3.5 : Progress of Urban Co-operative Banks in Kolhapur District
(1977 to 1987)

		(Rs. in lakhs)	
Sr.No.	Particulars	30th June 1977	30th June 1987
1	Total Banks	38	42(10.5)
2	No.of membership	1.85	2.73(47.5)
3	Total funds	477.29	1465.52(207.0)
4	Total deposits	2477.29	18796.27(658.7)
5	Advances	1787.87	14172.17(692.7)
6	Working capital	2061.17	20939.05(915.9)
7	Overdues	477.29	1188.60(149.0)
8	Profit	55.25	273.46(395.07)

Source : Record of the Office of Deputy Registrar for Co-op.
Kolhapur

Table No.3.5 shows that during the period of 10 years number of co-operative banks has increased from 38 to 42. It means that the number of banks increased by 10.5%. If we consider the above table in respect of the various particulars as shown in the table Col.No.2 in the above talbe, we find that there has been uneven progress in respect of membrship, deposits, advances, working capial, overdues, and profits.

- 1) As compared to 30th June 1977,, on 30th June 1987. The membership of urban Co-operative banks in Kolhapur district has increased by 47.5%.

- 2) The total funds of the banks have increased by 207.0% during the same period.
- 3) During the period the total deposits with the Urban Co-operative banks have increased by 658.7%.
- 4) There has been considerable increase in advances of the banks. The advances of the banks have increased by 692.7% during the same period.
- 5) In respect of the working capital the change over the ^{is} period of 915.9%.
- 6) Though the urban co-operative banks in Kolhapur district have developed progressively the overdues of the banks during the above period have increased noticeably. The overdues of the bank have increased by 149.0%.
- 7) Though the overdues of the banks have increased one and half times the profits of the banks have increased by 395.0%. It seems that the progress of the urban co-operative banks in Kolhapur district during the period 1977-1987 is satisfactory.

3.4 A COMPARATIVE PICTURE OF URBAN CO-OPERATIVE BANKS IN KOLHAPUR DISTRICT :

In Table No.3.6 the list of 42 Urban Co-operative Banks with particular economic indicators has been given to show the position of various co-operative banks and the rank occupied in district in respect of different indicators.

Table No.3.6 shows that, 42 urban co-operative banks were established upto 30th June 1987 in Kolhapur district. First of all the Kolhapur Urban Co-operative Bank was established on 16th March 1913 and at the last on 28th Feb. 1987, The Ganesh Urban Co-operative Bank Kurundwad is established.

- 1) If we observe table No.3.6 keenly we find that, The Kolhapur Maratha Co-operative Bank occupied First rank in respect of membership, though the bank was established 9th number in seniority.
- 2) In respect of paid up capital the primary Teachers' Co-operative Bank occupies first rank in this district.
- 3) In respect of working capital Ichalkaranji Janata Co-operative Bank holds first rank. Ichalkaranji Janata Co-operative Bank is leading in respect of deposits. It also leads in advances.
- 4) In connection with the branch expansion. The Veershaiv Co-operative Bank ranks first. It has 10 branches which accounts for 6% of the total branches of various urban co-operative banks in Kolhapur district.
- 5) The Ichalkaranji Urban Co-operative Bank was established on 26.8.1930, followed by the Shri Shahu Co-operative Bank in Kolhapur. The Ichalkaranji Urban Co-operative Bank holds 7th number in seniority in Kolhapur district.

Table 3.6 : A Comparative Picture of Urban Co-operative Banks In Kolhapur District (Rs. in lakhs)

Sr. No.	Name of the Bank	Establishment	No. of members	Rank	Paidup capital (Rs.)	Rank	Working capital (Rs.)	Rank	Total Deposit (Rs.)	Rank	Total Advances (Rs.)	Rank	Reserve fund (Rs.)	Rank	Profit (Rs.)	Rank	Branches	Rank
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1	The Kolhapur Urban Co-operative Bank Ltd., Kolhapur	16.3.1913	12962	4	31.72	7	1175.78	6	969.83	7	556.61	11	114.05	4	18.96	4	6	5
2	Shri Balbhim Co-op. Bank Ltd., Kolhapur	17.10.1915	13599	3	49.95	3	741.15	13	605.67	12	520.29	12	37.17	16	6.10	18	5	6
3	Kolhapur District Govt. Servants Co-op. Bank Ltd., Kolhapur	03.07.1917	8402	13	49.56	2	277.60	26	140.47	29	112.50	30	15.50	26	6.29	16	4	7
4	The Kagal Co-op. Bank Ltd., Kagal	1917	3297	32	6.94	34	250.74	27	184.37	27	185.05	25	20.97	23	2.62	30	3	8
5	The Raviwar Peth Co-op. Bank Ltd., Kolhapur	22.08.1924	8576	12	14.27	21	289.96	24	217.34	25	171.79	26	17.78	25	2.74	29	3	8
6	Shri Shahu Co-op. Bank Ltd., Kolhapur	14.03.1927	12205	5	22.74	11	434.64	17	366.70	15	279.11	17	14.78	27	3.23	25	6	5
7	Ichalkaranji Urban Co-op. Bank Ltd., Ichalkaranji	26.08.1930	7193	19	33.99	6	845.75	11	749.79	10	674.47	8	77.42	6	7.46	13	4	7
8	Shri. Mahataxmi Co-op. Bank Ltd., Kolhapur	10.10.1933	8349	14	25.41	10	1015.53	10	780.34	9	596.85	9	100.21	5	15.17	5	5	6
9	The Kolhapur Maratha Co-op. Bank Ltd., Kolhapur	20.10.1933	18991	1	47.47	4	1510.79	4	1294.29	4	956.27	3	77.41	7	22.54	2	9	2
10	Shri. Mahavir Co-op. Bank Ltd., Kolhapur	11.05.1937	6114	20	17.87	17	1135.69	7	1039.42	6	758.02	6	45.08	13	4.81	20	9	2

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
11	The Primary Teacher Co-op. Bank Ltd., Kolhapur	12.10.1939	7518	17	191.91	1	1098.21	8	301.09	21	941.01	4	47.19	11	20.82	3	9	2
12	Virshai Co-op. Bank Ltd., Kolhapur	21.02.1942	10862	9	19.89	15	1835.78	2	1601.37	2	1056.18	2	156.98	1	26.86	1	10	1
13	The Murgud Co-op. Bank Ltd., Murgud	15.12.1947	2012	38	5.10	39	98.42	36	61.35	39	52.61	36	22.98	20	3.06	26	1	10
14	Shri Paisa Fund Shetkari Co-op. Bank Ltd., Hupari	24.10.1950	6156	22	17.34	18	208.68	28	126.56	30	112.92	29	21.16	22	2.76	28	4	7
15	The Gadhinglaj Urban Co-op. Bank Ltd., Gadhinglaj	13.11.1950	2329	37	4.75	41	294.84	23	244.59	23	206.75	22	33.19	17	6.15	17	1	10
16	The Kurundwad Urban Co-op. Bank Ltd., Kurundwad	12.04.1956	3852	30	16.66	19	423.08	18	350.86	17	255.95	19	37.89	14	7.94	12	5	6
17	The Vadgaon Urban Co-op. Bank Ltd., Vadgaon	12.10.1957	5541	23	12.13	23	417.96	19	345.97	18	260.83	18	37.82	15	9.57	9	5	6
18	Jaysingpur Udgaon Co-op. Bank Ltd., Jaysingpur	22.06.1960	2499	36	5.66	38	45.14	41	71.01	37	43.69	38	4.50	42	1.17	37	1	10
19	The Ajara Urban Co-op. Bank Ltd., Ajara	19.10.1960	5539	24	22.52	13	1283.30	5	1128.86	34	702.58	7	54.42	10	12.40	6	10	1
20	The Kolhapur Janata Co-op. Bank Ltd., Kolhapur	17.11.1960	11773	6	20.45	14	1088.47	9	877.98	8	563.82	10	32.09	18	4.83	19	6	5
21	The Commercial Co-op. Bank Ltd., Kolhapur	26.01.1962	7718	15	11.50	27	355.23	22	309.85	20	186.07	24	14.39	28	3.53	24	3	8
22	Nagari Co-op. Bank Ltd., Kodoli	27.10.1962	14792	2	12.08	24	140.34	34	102.21	34	81.04	32	7.74	37	1.78	34	2	9

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
23	Ichalkaranji Janata Co-op. Bank Ltd., Ichalkaranji	05.11.1962	9696	10	44.03	5	2078.68	1	1734.98	1	1102.00	1	117.13	2	11.04	8	7	4
24	Peoples Co-op. Bank Ltd., Ichalkaranji	21.12.1962	11669	7	22.68	12	719.52	14	599.92	13	480.72	14	54.55	9	7.22	14	2	9
25	Janata Co-op. Bank Ajara	02.06.1963	5158	25	18.14	16	373.94	20	289.74	22	238.85	20	12.15	30	4.13	23	5	6
26	Rendal Co-op. Bank Ltd., Rendal	17.08.1964	1874	39	6.14	37	80.34	39	46.86	41	63.44	35	6.23	38	1.71	35	1	10
27	Shri Warana Co-op. Bank Ltd., Warananagar	28.02.1966	7203	18	29.65	8	1538.62	3	1299.86	3	874.63	5	114.51	3	11.73	7	8	3
28	The Ichalkaranji Kamgar Nagari Co-op. Bank Ltd. Ichalkaranji	06.09.1969	4018	26	4.77	40	193.17	37	77.02	36	39.96	41	8.83	35	0.42	41	1	10
29	Shri. Bharat Urban Co-op. Bank Ltd., Jaysingpur	18.01.1971	11410	8	28.07	9	745.62	12	630.83	11	508.69	13	45.56	12	9.10	10	5	6
30	Nutan Nagari Co-op. Bank Ltd., Ichalkaranji	31.03.1971	31190	34	9.73	29	439.80	16	356.50	16	193.37	23	18.25	24	4.52	21	1	10
31	Shivaji Co-op. Bank Ltd., Gadhingiaj	08.10.1971	2768	35	8.72	30	148.56	31	116.50	31	93.53	31	11.47	31	1.94	33	1	10
32	Shri. Panchganga Nagari Co-op. Bank Ltd., Ichalkaranji	20.02.1972	3961	27	12.00	25	282.00	25	244.00	24	171.00	27	10.00	33	3.00	27	1	10
33	Shivaneri Co-op. Bank Ltd., Ichalkaranji	18.04.1972	3904	28	15.54	20	512.44	15	374.50	14	290.63	16	73.82	8	7.11	15	2	9
34	Kolhapur Mahila Co-op. Bank Ltd., Kolhapur	15.05.1972	7559	16	7.37	33	113.23	35	92.30	35	65.03	33	4.68	41	-	-	3	8

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
35	Ichalkaranji Mahila Co-op. Bank Ltd., Ichalkaranji	29.09.1972	3855	29	8.00	32	181.68	29	156.62	28	385.32	15	10.78	32	1.04	38	1	10
36	Yeshvant Co-op. Bank Ltd., Kuditre	22.06.1974	6169	21	12.20	28	145.18	33	115.62	32	68.18	34	13.46	29	2.47	31	2	9
37	Youth Development Co-op. Bank Ltd., Kolhapur	21.07.1976	9109	11	11.52	26	174.58	30	214.41	26	145.95	28	9.07	34	2.05	32	1	10
38	Kumbhikasari Co-op. Bank Ltd., Kuditre	23.07.1976	3617	31	6.18	36	144.49	32	105.18	33	43.64	39	24.23	19	4.15	22	1	10
39	Dudh Sakhr Co-op. Bank Ltd., Moninagar	12.02.1979	1273	41	4.60	42	50.77	40	30.44	42	43.31	40	8.65	36	0.87	39	1	10
40	Choundeshwari Co-op. Bank Ltd., Ichalkaranji	15.02.1982	3194	33	13.45	22	365.43	21	319.25	19	213.24	21	21.75	21	8.01	11	2	9
41	Chandgad Urban Co-op. Bank Ltd., Chandgad	06.05.1982	1477	40	8.09	31	38.92	42	52.32	40	36.37	42	4.75	40	1.57	36	1	10
42	Ganesh Co-op. Bank Ltd., Kurundwad	28.02.1987	1265	42	6.28	35	83.22	38	68.20	38	51.60	37	5.09	39	0.59	40	1	10
Total			283448		915.07		23281.26		18795.37		14379.87		1565.62		273.46		158	
Average Total (Total/42)			6749		21.78		554.31		447.50		342.37		37.27		6.67		4	

Source : Compiled from the Annual Reports of the Concerned UrbanCo-operative Banks