

**CHAPTER II**

**HISTORICAL  
BACKGROUND &  
DEVELOPMENT OF THIS  
PATSA NSTHA**

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**HISTORICAL BACKGROUND AND DEVELOPMENT**  
**OF THIS PATSANSTHA**

- 2.1 History**
- 2.2 Objectives**
- 2.3 Locations**
- 2.4 The growth / development of Patsanstha**
  - 2.4.1 Geographical coverage**
  - 2.4.2 Membership**
  - 2.4.3 Share capital**
  - 2.4.4 Reserve fund and other fund**
  - 2.4.5 Profit and dividend declaration**
  - 2.4.6 Facilities**

## 2.1 HISTORY :

Late Shri Bhaubabaji Chougule was a jaggery businessman, since 150 years. Accordingly the business was runned by a few workers, servants, clerks which were paid daily. With objective of promoting the habit of saving money among them, they initially started a mini private bank which is locally called "Bhishi". Shri Anil Patil was a clerk with Shri B. Chougule in his business who was the promoter of the Bhishi.

Now, to know the necessity of the patsanstha, Shri Anil Patil gave a proposal to the Joint Registrar, for registration of the patsanstha. The registrar too accepted it and gave the registration certificate named "Shri Vasantao Chougule Nagari Sahakari Patsanstha Ltd., Kolhapur". Hence, this patsanstha was established on 1<sup>st</sup> June, 1988 bearing the registration number K.P.R./K.V.R./R.S.R.(C.R.) 331/87-88.

The founder director body was elected according to the rules and regulation of Maharashtra Co-operative Societies Act 1960 u/s 7. The members were :

- |    |                                |               |
|----|--------------------------------|---------------|
| 1. | Shri Anil Apagonda Patil       | Chairman      |
| 2. | Shri Bapuso Shantinath Mithari | Vice-Chairman |
| 3. | Shri Dinkar Shankarrao Lagare  | Director      |
| 4. | Shri Arun Poptlal Maniyar      | Director      |

- |     |                                       |          |
|-----|---------------------------------------|----------|
| 5.  | Shri Arun Balaso Chougule             | Director |
| 6.  | Shri Subhashrao Ramchandra Lagare     | Director |
| 7.  | Shri Kulbhushan Shripal Tikke         | Director |
| 8.  | Shri Anandrao Tukaram Bhalkar         | Director |
| 9.  | Shri Ashokrao Chanbassappa Mungarwadi | Director |
| 10. | Shri Babanrao Appana Gatade           | Director |
| 11. | Shri Nandakumar Vasant Nagavekar      | Director |

In the very first meeting , the director body decided the aims, byelaws of the patsanstha. The byelaws indicates the objectives as under .

## **2.2 OBJECTIVES :**

1. To encourage the members, to obey the principles of thriftiness and co-operation.
2. Accept deposits from members.
3. Advancing loans to the members and non-members on mortgage or without mortgage as per direction of registrar of Co-operative Societies Act 1960.
4. To take loan and create funds.
5. To construct its own premises and its maintenance.

6. To get back the loan against properties which is not fully refunded should be auctioned.
7. Advancing loans to small scale industries and finance for self employment.
8. To manage patsansthas property and business.
9. To achieve a target, the byelaws of Maharashtra Co-operative Societies Act 1960 should be followed.

### **2.3 LOCATION :**

The patsansta was started initially in a building on rental basis at 539, Shahupuri, Kolhapur for 8 years. In the year 1992, the patsansta purchased, 3200 sq. feet of land at Shahupuri, Vyaparipeth, Kolhapur which is in the heart of the city. The main head office was shifted in its own building on 19<sup>th</sup> May, 1995 which was a mile stone in the history of the patsansta.

The main building as it is in the city is surrounded by a market place, wholesaler and retailers in different commodities, transport agents, various merchants, different banks etc. The head office is also very near to the Central Bus stand and Railway station which is important factor for the customer to complete the banking transaction.

## 2.4 THE GROWTH / DEVELOPMENT OF PATSANSTHA :

### 2.4 (i) Geographical coverage :

Considering the requirements of the increasing number of shareholders, customers, the director body decided to open a few new branches for their convenience. And hence, total 12 branches in two districts i.e. Kolhapur and Ratnagiri has been opened.

The following table indicates branches and their date of beginning.

**Table No. 2.1**

**Table of Branches and there Date of beginning**

Sr.No.	Branches	Taluka	Districts	Date of Beginning
1	Shahupuri	Karveer	Kolhapur	1.06.1988
2	Halkarni	Gadhinglaj	Kolhapur	1.04.1991
3	Vadgaon	Hatkanangale	Kolhapur	16.05.1991
4	Gandhinagar	Karveer	Kolhapur	28.05.1994
5	City Branch	Karveer	Kolhapur	02.06.1997
6	Kasaba Sangaon	Kagal	Kolhapur	20.06.1998
7	Mahadwar Raod	Kolhapur	Kolhapur	22.04.1999
8	Kodoli	Panhala	Kolhapur	07.10.2000
9	Hupari	Hatkanangale	Kolhapur	03.06.2001
10	Rajarampuri	Karveer	Kolhapur	13.04.2002
11	Chiplun	Chiplun	Ratnagiri	15.02.2003

Source : Annual Report of Patsanstha.

As seen from the above table the Patsanstha has opened its branches in six talukas of Kolhapur district and a branch in Ratnagiri district. All these branches are in their self owned building and are totally computersied.

#### 2.4. (ii) Membership :

To be a member of the patsanstha , an individual should be over 18 years of age as competent to contract. Membership of the patsanstha is divided into two classes, viz regular and nominal. Nominal members are excluded form the right of voting and participation in management of patsanstha. A person who intends to become member of the patsanstha is required to submit a prescribed application form along with entrance fee duly attested by witness.

The following chart indicates the position of membership during the period under review.

**Table No. 2.2**

**Table of Regular Membership**

Year	No. of Regular Membership
31.03.1999	3255
31.03.2000	3383
31.03.2001	3801
31.03.2002	3836
31.03.2003	4020
31.03.2004	4068

Source : Annual Report of Patsanstha

The above table clearly indicates that regular membership increased continuously as 3255 in 1998-99 to 4068 in 2003-04.

It means that patsanstha is becoming popular day to day. Due to remarkable progress of the patsanstha a large number of people are eager

to become the member of patsanstha. While giving membership, the patsanstha has followed the guideline of registrar of co-operative in respect of membership policy.

#### **2.4 ( iii ) Share capital :**

Share capital is the basic point of Sahakari Patsantha. This Patsansthas capital is 1,00,00,000 divided into 4,00,000 ordinary shares of Rs. 25 each. These shares can only be subscribed by 'Regular Class' member. The Board of Director have right for the allotment of shares to the demanded applicants. The following table indicate the position of share capital during the 1998-99 to 2003-04.

**Table No. 2.3**

**Table of Share Capital**

Year	Authorised Share Capital Rs.	Paid up Share Capital Rs.
1998-99	1,00,00,000	57,62,725
1999-00	1,00,00,000	65,96,725
2000-01	2,00,00,000	1,00,94,200
2001-02	2,00,00,000	1,05,39,250
2002-03	2,00,00,000	1,14,63,125
2003-04	2,00,00,000	1,16,33,325

The above table indicates that the authorized share capital of the patsanstha which has 4,00,000 share of Rs. 25 each is demanded fully upto 1999-00 then in the year 2000-01, it raised upto 8,00,000 share of Rs. 25 each.



The Paidup share capital raise by Rs.58,70,600 from Rs.57,62,725 to Rs.1,16,33,325 during the period of 1998-99 to 2003-04. The main reason of such increase in share capital has been that borrowers are required to purchase shares for better facilities from the patsanstha and to meet the credit needs.

#### **2.4 iv. Reserve Fund and Other Funds:**

The patsanstha maintain 4 types of funds viz.:

- i] Reserve Fund
- ii] Building Fund
- iii] Debt loan fund
- iv] Members Mrutunjay Fund.

The above funds clearly indicates that the patsanstha is very careful about the different aspect of customers, members, shareholders welfare is considered.

Reserve fund is an important component of working capital and it acts as a shock absorbing cushion at the time of financial problem. The following chart indicates the position of reserve fund and other reserves during the period of last six years.

**Table No. 2.4**

**Table Showing the Position of Reserve Funds**

Year	Reserve and other Funds Rs. In lakhs
1998-99	153.76
1999-00	143.75
2000-01	162.39
2001-02	209.40
2002-03	306.16
2003-04	333.25

Source : Annual Report of patsanstha.

The table reveal that the growth of reserve fund over the period under review increases from Rs.153.76 lakhs in 1998-99 to Rs.333.25 lakhs in 2003-04. Only in the year 1999-00 it downward Rs.143.75 lakhs. They recorded near about 2.00 fold increase within period of 6 years.

#### **2.4.v Profit and Dividend Declaration :**

Earning of profit is not the main objective of co-operative concerns. But profit in the name of surplus fund is essential for further development of organisation. The same principle is adopted by the patsanstha.

The rate of dividend declared by the patsanstha is dependent on the net profit earned. The dividend is paid to the members as per their share holding ratio. The following table shows net profit and dividend rate during the 1998-99 to 2003-04.

**Table No. 2.5**

**Table of Net Profit and Dividend Rate**

Year	Net Profit (Rs.)	Rate of Dividend
1998-99	24,81,354	15%
1999-00	25,94,494	15%
2000-01	29,58,570	15%
2001-02	34,48,215	15%
2002-03	46,51,155	15%
2003-04	49,00,126	15%

Source : Annual Report of Patsanstha.

Above table clearly shows that, earned profit increased from Rs. 24,81,354 in year 1998-99 to Rs. 49,00,126 in the year 2003-04. The representing near about more than two fold increase during the year 1998-99 to 2003-04. The average growth rate of earned profit is 12.56% during the period of last 6 yrs.

Eventhough there is considerable growth in net profit, patsanstha has restriction to declare dividend upto 15% according to the byelaws of patsanstha. This rate is constant from year 1998-99 to 2003-04. In the beginning financial year 1988 the patsanstha beared loss hence, no dividend was declared. 10% dividend was declared in the year 1989 . From 1990 patsanstha declared 12% dividend upto year 1996. And this rate was however, changed from the year 1996. The patsanstha maintained rate of dividend of 15% since 1996.

#### **2.4.vi Facilities :**

As per the byelaws of the patsanstha the staff members has provided uniform, mediclaim facility, provident fund, gratuity and pension facility.

Single lunch is given to the head office staff and the staff members of other branches are paid by Rs.100/- each as the allowance. Less interest rate i.e. 9% rate is given to the staff member for buying a vehicle or for purchasing a house.

The patsanstha also provides guest house facility to the shareholders who come from long distances. On the other hand, if in case a shareholder is dead for any reason, his family gets Mrutunjay Nidhi of Rs.15,000/-.

The patsanstha gives their shareholder and customers not only a good banking facility but they have undertaken some new trends in the field of banking such as door delivery of demand draft and collection of electricity bills, take insurance against borrowers loan amount etc.

Other than banking service, the patsanstha has entered into the field of social, national, educational, sports etc. Initially they helped the poor and needy students who were lacking funds. They have adopted a few students to develop their career who are as follows :

**Table No. 2.6**

**Table of Adopted Students**

Sr.No.	Year	Name	Activity
1.	1988	Mr. Jalindar Methé	National Wrestling player
2.	1990	Miss Shubhangi Parulekar	Badminton Player
3.	1995	Mr. Balasaheb Nikam	Athletic Player
4.	2000	Miss Seema Tade	Singer
5.	2004	Miss Karuna Chavan	Scored 24 <sup>th</sup> rank in the S.S.C. Board

Source : Annual Report of Patsastha.

The patsanstha also encourages children of the share holders in their education. If a child of shareholder scores above 70% of marks from Standard 5<sup>th</sup> to 10<sup>th</sup>, he/she is awarded by Rs.500/- prize money.

The patsanstha has donated Rs.3,91,000/- to the primary school of Antarbharti Shikshan Sanstha and hence, the school has been named after Shri Vasanttrao Chougule Vidhyalaya.

In the year 2002, considering the need of English medium school for the students of the customers in Shahupuri area, the patsanstha started “Shri Vasanttrao Chougule Preprimary English Medium School .” The funds required for running the school were given by the patsanstha, chougule family and other social welfare societies. For accepting these funds a trust was needed, which was started as “Shri Vasanttrao Chougule Memorial Trust” on 28<sup>th</sup> November 2002.

Every year the patsanstha undertakes a tree plantation programme. The patsanstha has started a Milk Dairy and Gymkhana at Sangaon, taluka Hatkanangale. They have also given funds for a crematorium at Kasaba Sangaon.