

CHAPTER - III.

HISTORICAL DEVELOPMENT OF

SHETKARI SAHAKARI SANGH LTD., KOLHAPUR.

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III : 1 Circumstances leading to the establishment of Shetakari Sahakari Sangh Ltd., Kolhapur.

The SHETAKARI SAHAKARI SANGH LTD. is a remarkable co-operative not only in Kolhapur district but to the whole of Asia itself. Some have admitted its efficiency some are attracted to it by its popularity. Some others are impressed by its bigness, some have a high opinion of the genial manners of its staff. Some are impressed by its spectacular progress. Some are overwhelmed by the magnitude of its multifarious activities.¹ Now a days the sangh is known not only as the leading co-operative marketing society but also as the premier co-operative society in Kolhapur district providing a large and progressively increasing variety of services to the people. It has established its reputation as a model co-operative institution serving agricultural as well as non-agricultural interests. So the researcher is interested to know the reasons of its existence.

Reasons for the sangh's Existence :

The story of the 'Sangh' is a stirring story of success. Its astounding success itself may be treated as a contribution to the co-operative movement in that it has demonstrated that co-operative enterprise can be a success.

In eighteenth century the citizens of Kolhapur were more intelligent and hard working nature. Before co-operative ideology entered into the Indian scene Kolhapur district farmers and others were working on the principle of help each other. The best example was the suger cane fhadapadhati farming.² This method of farming was working from 200 years back up till now. For this method there were no written rules and bye-laws as such. Even though it was maintained its position. The reason for this was the co-operative feeling of the Kolhapur farmers.

At the end of Nineteenth century Germany, Holland, Denmark, Norway Sweden etc. started co-operative buying and selling in case of milk, vegetables, fish and other agricultural products. They showed a remarkable progress within a limited capital. This has led to increase in love, affection and faith among each and every co-operators and helped for the rapid development of their nation. They started becoming more powerful in the world. It has greatly influenced the capitalistic countries like England & America. So they also started business on co-operative lines. India being economically backward in agriculture, there was a great need of finance which may be possible by co-operative ideology. So Indians also started co-operative credit societies in all fields. To make the co-operative movement effective Government of India passed a co-operative credit society act in 1904. After removing the defects of the previous act they passed another act in 1912. Then, in 1919 co-operative movement started in each & every province all over the Indian continent.

In Kolhapur province Chatrapati Shahu Maharaj adopted co-operative Act of 1912, to Kolhapur province in 1913, to solve the problems of sweepers, scavengers and other fourth grade workers of the municipal council of Kolhapur. The co-operative movement made its real beginning in Kolhapur province by the establishment of the urban co-operative credit society on 24th May 1913. Chatrapati Rajaram Maharaj has also gave much upliftment to the co-operative movement in Kolhapur. In the year 1927 there were nearly 32 co-operative societies. Then after 1930 co-operative movement was started working power fully particularly in Kolhapur province.

During the year 1930 to 1940 there was depression all over the world and India was not exception, when the agricultural products were to be sold at such a low price that even the cost of production could not be recovered, not to speak about the profits.

As a result already depressed agriculturist class was depressed still further. Their poverty and indebtedness started rising rapidly. It was during such a period that the political consciousness also spread rapidly. The hopes of agricultural masses were elevated on account of high speeches relating to the prosperity and attainment of independence delivered by the politicians. All these developments promoted co-operative activities in Kolhapur District where weaker and poorer sections of the society found their strength in the medium of co-operation.

Realising the importance of co-operative movement in the upliftment of the masses the administrators of then Kolhapur state extended wide range of concessions especially to the farmer producers in order to improve their standard of living. However these concessions failed to achieve the desired results on account of absence of infrastructural facilities especially for provision of working capital requirements of farmers. On account of dominance of non regulated markets various malpractices in the marketing of agricultural commodities thoroughly exploited the small producers. As a result on account of large number of deductions farmers usually got hardly about 50% shares in the final price of his produce. In spite of their efforts in producing the products through out the year. Some of the farmers could not tolerate such conditions over a long period and started thinking of finding out ways and means to protect themselves from the exploitation at the hands of middlemen.

After some time warana valley sahakari kharedi vikri sangh of Satara District established one of its branches in shahupuri, Kolhapur. However it failed to attract the attention of large number of farmers. It failed to become popular and it could not satisfy the aspirations of the farmers of Kolhapur.

The co-operatives of Kolhapur like Shri. P.A. Rane, Shri. M.S. Todakar become acquainted to the activities of Warna Valley Sangh and could get an opportunity to know the principles and practices of co-operation. A conference of farmers was called by the leaders at Kadamwadi and unanimous decision was taken to establish a Shetakari Sahakari Kharedi Vikri Sangh Ltd., in Kolhapur city. Further it was decided to establish at least one branch of the sangh for each Talukas of Kolhapur with a view to protect the interests of the farmer producers.³

Like wise on the auspicious day of 23rd Oct, 1939, Shetakari Sahakari Kharedi Vikri Sangh Ltd., Shahupuri, Kolhapur was established, under the leadership of Shri. P.A. Rane and Shri. M.S. Todakar. In early stages of development of Shetakari Sahakari Sangh Ltd., Kolhapur, the founder members took great efforts to make this co-operative activity a great success and to make it more and more popular amongst the farmers of Kolhapur.

III : 2 Aims and objectives of the Sangh :

I Aims :

The main aims of the Shetakari Sahakari Sangh Ltd., are explained below.⁴

1. The product produced or prepared or got prepared by the members is to be sold at the fair price.
2. To supply the members the necessary items.
3. To help the members to develop their over all circumstrances.
4. To control the increasing price.

II Objectives :

To achieve the above aims the following objectives were laid down by the sangh.⁵

1. To spread, co-operation, economic feeling and self reliance among the members of the sangh.
2. To make standardization and grading of the products arrived for sale and to make every effort to sell it out.
3. To collect capital for the day to day activities of the sangh.
4. To construct, purchase or rent the godowns for stocking the goods and sell them in a slack season and to work as a licenciate warehouseman, to stock the produce of the members and non members in central or state Government warehouse and help the agricultural produce to receive fair price in the market.
5. To purchase seeds, fertilizers, oil, fodder etc which are useful for agriculture, to purchase household and other products and to act as an agent for supplying, selling and distributing these products.
6. To purchase, prepare, supply and rent the agricultural implements, machinery spareparts and otherthings required for agriculture or import them likewise export the agricultural products and act as the principal and agent in this regard according to the policy of the government.
7. To run workshops for repairing, machinery and spareparts of the agricultural implements.
8. To run research laboratories for checking seeds, ferti-
-izers, soil and to develop mechnization in agriculture.
9. To start flour mills after taking the kind permission of the concerned officers.

10. To start printing press for printing and binding the papers of the 'Sangh' after taking the permission of the concerned officers.
11. To purchase, sell, mortgagage and rent the land, building, machinery spareparts, means of transport etc.
12. To make arrangements of transport & communication for the products of the members.
13. To develop cattle raring and other animal husbandary, poultry farming, bee keeping etc and to encourage them in all respects by providing the required materials.
14. To purchase on commission basis or on personal security, the goods required by the members and others, and make available the goods required for merchants, purchasers and needy people by purchasing for them.
15. To run boardings and restaurants for the betterment of the members and the employees of the sangh.
16. To start branches, centres and depot's for marketing of the produce of the farmers.
17. To supply and distribute the agricultural, and necessary commodities required by the customers of the sangh.
18. To provide advance for the produce entered for sale on the basis of security.
19. To create funds for the welfare of the employees, the Children of the members & their dependents.
20. To act as an agent of the Government, Semi-Government and other registered corporations.

21. To work for non members according to the terms of trade laid down by the managing directors from time to time.
22. The members of the sangh are going to act according to the demands of the associations, to guide them, to supply them all materials on their demand, to sell the goods sent through them, to supply efficient employees, to make arrangements of internal audit for them, to act as a mediator in between the connected societies and maharashtra state societies.
23. To supply necessary information about agriculture and trade and to run information bureau.
24. Likewise to satisfy the above basic objectives from time to time the sangh can adopt different plans and prospectives.

III : 3 HISTORICAL DEVELOPMENT OF THE SANGH.

In the History of Kolhapur city 23rd October, 1939 ^{const.} may be regarded as an aspecious because on this day Shetakari Sahakari Kharedi, Vikri Sangh came into existance. To give fair price to farmers for the sugercans, gur and other products, to bring them out of the clutches of the money lenders, merchants, middlemen and to make overall development of the farmers thereby giving proper justice are the general objectives of the sangh and for satisfying these objectives sangh took its origin on this important date.

In the begining the name of this association was Shetkari Sahakari Kharedi Vikri Sangh Ltd., Kolhapur. In general practice members, employees, customers and other Kolhapur Public usually called this association as Shetkari Sahakari Sangh Ltd., Kolhapur for a long period so to make it according to the usull practice the sangh was renamed officially as Shetakari Sahakari

Sangh Ltd., Kolhapur.⁶

For the first time 'Sangh' took an unofficial meeting only with seven members. In this meeting they again added the name of the seven members in their register. The activities of the Sangh started at a place where the rent of the building was seven rupees. The 'Sangh' distributed Rs. 785 as advance for the first time to seven member farmers, on the condition that they have to bring their produce to the sangh within one month's time.

First General Meeting :

The first general meeting of the 'Sangh' was held on 15th November, 1939. Nearly 25 members were present out of 36 in all. In this meeting the sangh sanctioned the budget from November 1939 to June 1940. This was the first proposed budget, the income of which was Rs. 3000/- and the expenditure was Rs. 2940, leaving the surplus of Rs. 60/- Under the presidency of Shri. P.A.Rane, The sangh appointed an administrative committee of eight members and the board of control consisting of Shri. V.T.Patil, D.S.Mane and S.B.Haval. For arranging the day to day activities the sangh appointed a shop committee with four sub-committees.

In the first meeting of the Board of Control the 'Sangh' appointed six employees and five advertisers. Due to increase in the activities the sangh felt the necessity of credit. Like wise it took Rs. 5000 cash credit from the Kolhapur Urban Co-operative Bank Ltd., out of which the 'Sangh' advanced restricted amount of Rs. 500/- to each farmer. After some time by amending the bye-laws the sangh appointed a managing director in place of the shop committee and shop manager.

Initial Capital :

In the very beginning, the 'Sangh' collected Rs. 2000/- in the form of shares and the value of each share was Rs. 25/- The 'Sangh' collected Rs. 10/- out of Rs. 25/- as a first instalment for each share. From 1939 to 1940 i.e. within four years the 'sangh' collected Rs. 11,000/- in the form of share capital. By observing the progress of the sangh karvir darbar sanctioned Rs. 10,000/- loan. The 'Sangh' acquired Rs. 3000/- as deposit from Shri. Prince Shivaji Maratha Free Boarding. Thus sangh collected the capital from all corners, from all rich & respectable people. In the first year, due to proper advertisement regarding the shop of the sangh nearly 768 gur carts have been received by the 'Sangh' from farmers even though sangh was not able to advance loans to them.

Initial Branches. :

In the the initial stages 'Sangh' had the shortage of capital. Still also the administrators of the 'Sangh' advertised the advantages of the sangh in well manner, only on their moral weight in the society. By this, people of the district, merchants and farmers thought that if a centre of the sangh was started in each big village it would be more beneficial one. Likewise in Jaishingpur and in Nipani Markets the centres of the 'Sangh' have been started. In Shivaji Peth of Kolhapur sangh started paddy store and in Laxmipuri Jowwar Store.

After some time due to lack of eligible administrators these branches were closed. The Nipani branch was shifted to Gadinglaj. Merchants started advertising against the economic condition of the 'Sangh'. Day to day the barden of work has started increasing and the management became critical by not having much of the capital. In order to get more and more loan from the sangh, the membership was also increased rapidly. All the capital of the sangh has been invested in advancing to member farmers. The recovery was usually

done at the time of harvest and the same amount was again advanced to the farmers. Some farmers were not bringing the produce at least equal to their loan taken from the sangh. Instead, they approach other merchants with their produce for getting advance. So there was an urgent need of the effective administrator for managing such a hanging situation of the sanghs' business activity.

An Efficient Administrator. :

The administrators working previously in the 'Sangh' were doing a parttime job for the 'Sangh' out of their own co-operative interest. As 'Sangh' was in a depressed situation there was an urgent need of a full time, faithful, self-for-getting managing director. For this challenging post Shri. D.R. Bhosale, Chief Officer of panchayat samiti proposed the name of Shri. Tatyasaheb Mohite. This personality was entered the co-operative field very recently. Tatyasaheb Mohite was already had the membership in the sangh. The parttime administrators like shri. P.A.Rane, Shri. Todkar etc of the sangh requested Shri. Tatyasaheb Mohite of Yelgud to accept the full time responsibility of managing director for the sangh. As he was having a hearty feeling towards the sangh in past he accepted this challenging job very happily. And on 31st October, 1943 he became the managing director of the Sangh.

The sangh was singularly fortunate in having the services of late Shri. Tatyasaheb Mohite. Who was its managing director for 15 years from 1943. His dynamic energy, drive and indefatigable labour were largely responsible for remarkable record of the sangh as an ideal cooperative. The Sangh was his life's mission. He summoned all his time energy and talent to serve the sangh. His whole life, his skill, his faith, his self-for-getting energy is written into the 'Sangh' and fused into it. →

He has attended oneness with the sangh. The sangh, whose chief architect he was is a living example of what one man can do to build up a model co-operative?

There started a new era for the sangh due to the entrance of the dynamic managing director, Shri. Tatyasaheb Mohite. New deposits started increasing, share capital increased, recovery of loan was also satisfactory. So the sangh started shining in Kolhapur market. As he entered in the sangh he wrote the byelaws after studying in detail the working of the sale and purchase unions of Pune, Bombay etc. He walked all over the Kolhapur province to convince the aims and objectives of the sangh and to increase the membership. He started provident fund facilities to the employees for the first time to increase the job guarantee and oneness among themselves.

In this developing stage the new managing director Shri. Tatyasaheb Mohite also faced so many new difficulties like the demand for loan of the new shareholders, farmers demand for money against their yield, competitors in business from other merchants etc. Shri. V.D.Desai was the president of the sangh. He was also an experienced person. He also helped to Shri. Tatyasaheb Mohite in solving the above problems faced by the sangh. With the help of these two personalities sangh stepped further in the business world.

Shri. Tatyasaheb Mohite tried his level best to satisfy the day to day demands of the farmers through the 'Sangh'. The dream of constructing a best co-operative in Kolhapur by him was became possible by the toilly efforts of his employees and their hearty co-operation. The employees and others got a great interest and entiusiasm after getting this dynamic administrator.

Agencies :

For the first time sangh got the agency of Amonium sulphate from Imperial chemical Industries India Ltd., after getting the permission from Karvir Darbar. Likewise sangh also got the marketing of oil-cakes from Karvir Darbar. Due to these increasing activities sangh faced so many financial problems. After solving these financial problems, the sangh acquired the best position in supplying oil cakes and sulphate to the farmers at reasonable rates. In the year 1944 'Sangh' distributed the dividend at the rate of 5% and gave one rupee rebate to each jaggery carts.

In order to have an influence, in the public and in the Government 'Sangh' selected some important persons like Shri. Kshatra Jagad Gurumaharaj, Colonel, Nanasahab Ingale, etc in its board. Afterwards the 'Sangh' started its day to day activities satisfactorily. This has turned the attention of the public towards the sangh in its favour. Then 'Sangh' started setting up of new plans and prospectives.

'Sangh' for its own convenience of transport, purchased four trucks. With the help of these 'Sangh' gave necessary help to the co-operative wholesale societies milk producing societies etc. Sangh took the store rooms from colonel - Nanasahab Ingale, near shahapuri road, on rent, to store jaggery and sulphate. This has helped in protecting farmers products from rainy and summer seasons.

In the mean time 'Sangh' got the agency of Iron products which are used generally in agriculture. Thus sangh started different sections by taking different agencies on which there was a strict supervision of Shri. Tatyasaheb Mohite.

Establishment of Market Committee :

The market committee was established in 1945 near shahapuri Peth. In the beginning the chairman of the committee was Shri. Narayan Sardesai.

This committee was considered as a part of the co-operative movement in Kolhapur district and was aiming towards the welfare of the farmers. This committee has a close relation with the sangh. 'Sangh' helped this committee in all respects. All types of groundnuts and jaggery of the sangh started selling through this committee.

The market committee started strict supervision on market weights and measures from time to time. The restriction was made on the farmers to sell their produce through market committee which use to enter in the market. Another restriction was that, the farmers must get the value of their produce sold in the market within 24 hours. The officer of the marketing committee use to remain present at the time of auction of the farmers products. Every year the committee use to keep record of the rates declared in the auction. With this the farmers verify the rates of the market committee and other merchants also. Market committee was not became an obstacle to the 'sangh' because sangh had followed all the requirements before the existence of this market committee. So 'sangh' was on the saferside compared to merchants and middlemen. In all the market committee was established to evaluate the frauds existing in the market.

Bombay Branch :

As for as trade is concerned Bombay is an international marketing centre and Kolhapur market is closely connected to it. So the managing body of the sangh thought of opening a branch of the 'sangh' in Bombay. After taking the permission, co-operation & help from the Bombay marketing society sangh opened its branch in 1946. Shri. D.A. Savant became the manager of this Branch. He worked very efficiently and advertised the co-operative services of the sangh in the areas of sawrastra, Gujarat, Bombay etc.

This has helped to earn Rs. 10,575 as commission after marketing the products of different co-operative societies in these areas. Through Bombay branch 'Sangh' supplied the daily necessaries like Umbrella, Blanket, Salt, Spices, Baskets etc. at whole sale rates to its members. After some time this branch was closed due to the competition of other merchants in Bombay, their non-co-operation, reduction in the price of Gur etc.

In 1949 Kolhapur province was mingled in Bombay State recently called as Maharashtra State. After wards Kolhapur province became the Kolhapur District, co-operative movement was very fast particularly in Bombay area. The Government officers on co-operations felt the necessity of a solid co-operative society in Bombay area which use to bring connection between Kolhapur district and Bombay market. So Government encouraged the Shetakari Sahakari Sangh Ltd., Kolhapur to start a branch in Bombay. Like wise, again in the year 1958 sangh opened its branch in Bombay. This branch earned an income of Rs. 34,451 in 1958-59 by making a fruitful effort and for the next year in 1959-60 it earned a surplus of Rs. 1,01,893. - for the sangh. 2

Now a days Bombay branch is not only working for its members but it is acting as a faithfully trade association in this international market. This branch is doing every effort to keep problems of the 'Sangh' in front of the Maharashtra Government personally. It use to supply local informations to the head office and act according to their decisions. By observing the efficiency of this branch Government gave the permission for import and export of necessary items to its members and others. Likewise it is trading with other countries in regard to the items like cloth, utensils, drugs watches, photo films, water colour etc. In all, now a days this branch is working successfully with sufficient surplus.

Wadgaon Oil Mill :

With regard to the revised bye-laws of the sangh in 1949 Shri. Tatyasaheb Mohite was re-elected as a managing director. Then in 1951 he attended common wealth Agricultural Conference held in Oxford.⁹ Then he moved to Ireland, Denmark, Holland, France and Italy and Studied there, the system of mechnised agriculture, education, trade, ways of life etc. After returning from foreign tour he started thinking about manufacturing of products, required by farmers, in co-ordination with the marketing of agricultural produce.

Wadgaon was very popular for the production of groundnuts. Farmers were delibaretaly exploited by merchants, by purchasing their groundnuts at a very low price. After studying this critical position of farmers Shri. Mohite found that wadgaon would become a suitable place for manufacturing the groundnut oil, So in 1952 'Sangh' started an oil mill at Wadgaon with a view to secure better price for groundnuts, a commercial crop of the area. This purpose is being served successfully to the great benefit of the agriculturists. Due to this manufacturing unit the producers as well as the consumers of Kolhapur district are the beneficiaries.

Transfer of Head Office : -

In 1958 'Sangh' transfered its main office from Shahupuri, Kolhapur to Bharaskhana of Juna Rajawada recently called as Bhavani Mandap. It is in a central place of Kolhapur city from which it can contact each and every branch easily.¹⁰ The then Kolhapur sounsthana took a nominal rent for this place. Afterwards 'Sangh' purchased this building with a reasonable price. Tatyasaheb Mohite acquired an important position in this regard. Sangh acquired a prominent position in Shahu Market yard by the efforts of Shri. Tatyasaheb Mohite. Nearly 18 licenced co-operative associations and 46 small and medium societies started business in Shahu Market yard with the financial help and leadership of the sangh. The heart touching

news to the Kolhapur farmers, co-operators & other, Public was that on 29th June 1959 the challenging personality Shri. Tatyasaheb Mohite, the managing director of the sangh passed away. The sangh lost a faithful servant, co-operator & gentlemen on this day. Due to this event Shetakari Sahakari Sangh Ltd., became helpless to keep further steps. But fortunately Late Shri. Tatyasaheb Mohite was prepared the network of administration in such a way that no single obstacle has entered in the future progress of the sangh.

III : 4 Progress made By Shetakari Sahakari Sangh Ltd., Kolhapur.

The 'Sangh' has made a greatest progress in different fields like membership, Share capital and working capital, reserve funds profits etc. Now a days it has become an obstacle to all tricky merchants and middlemen. The sangh has been aptly described as a unique co-operative association. The performance of this co-operative society is a revelation. It shows that co-operative principles are capable of successful application and that co-operation in practice, can be impressive as its professed ideals.¹¹ Sangh's developments in some selected fields are explained below.

III : 4 : 1 Membership :

To start any association members of the society play an important role. They run a co-operative for their own benefit. They distribute the surplus among them selves. Membership of marketing societies is open to individual agriculturists, service co-operatives and multi-perpose societies. Traders are normally not taken as members except where the marketing society may have dealings with them. Shetkari Sahakari Sangh Ltd., is having a perculier membership pattern. There are two types of members here.

- i. 'A' class members - A class members are the full fledged members. They consists of again two types of members.
 - a) Individual members. b) Society Members.

- ii. 'B' class members - 'B' class members are the nominal members who have to pay entrance fee of rupee one only.

The data relating to the same are presented in The table No. III : 1.

Table No. III : 1

Membership of the sangh. (Growth & Composition)

Year	A Class Members				B Class Members		Total Membership
	Individual	Percent of 8	Society	Percent of 8	Members	Percent of 8	
1	2	3	4	5	6	7	8
1940	213	92.61	17	7.39	NIL	NIL	230
1950	2026	92.51	164	7.49	NIL	NIL	2190
1960	4396	36.34	334	2.84	7,366	60.90	12096
1970	14885	64.77	578	2.52	7,517	32.71	22980
1980	41518	81.52	1008	1.98	8,403	16.50	50929
1981	41498	80.99	1006	1.96	8,735	17.05	51239
1982	41496	79.21	1009	1.93	9,886	18.87	52391

(Source: Compiled & computed by the author from Sangh's records)

Table No. III : 1. reveals the growth and composition of membership of the sangh.

There are two types of members, one is 'A Class' members who are the permanent share holders having the voting rights at the time of annual election. It covers both individual as well as the co-operative societies. 'B' class members are the nominal members who have to pay the entrance fee of Rs. one and they have no voting rights.

Table No. III : 1 shows classification of the share holders/members during the years 1940 to 1982. The table reveals that the membership has grown rapidly in the past.

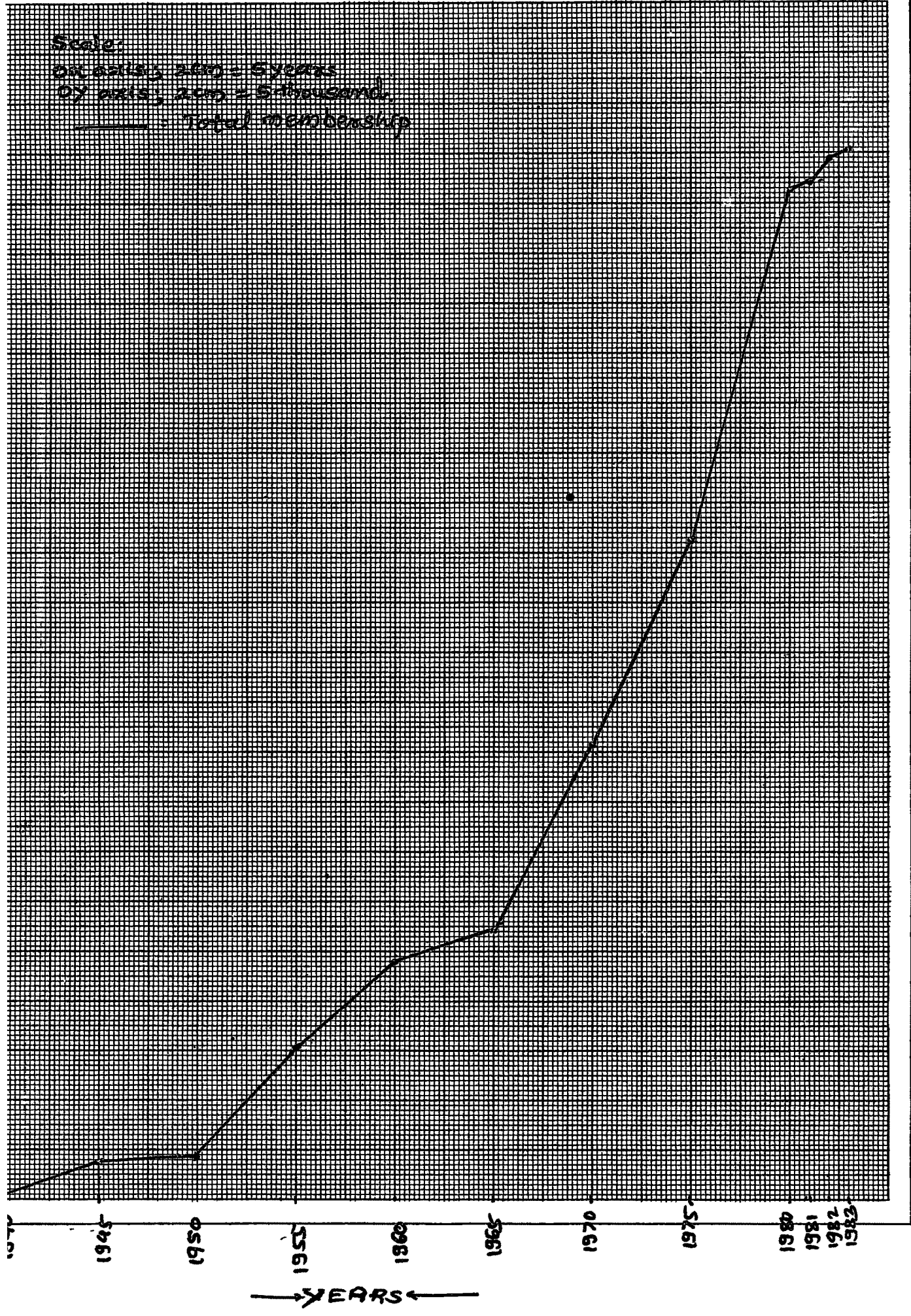
During the period of 1940 and 1950 the membership constituted 'A' class membership only. Where the individual membership was around 93% of the total membership and the rest 8% membership was on account of the society members only. From 1940's to 1950's the individual members increased by around ten times from nearly 213 to 2026. While society membership increased by similar times from nearly 17 to 164.

From the year 1950 to 1960 individual membership was increased by more than double, leading to 4396 while society membership increased to 334. It is interesting to note that on account of the availability of the facilities of nominal membership described as 'B' class membership by the end of 1960's such membership stood at 7366 constituting 61% of the total. While individual membership although shown an increase by more than two times over 1950's stood at 36.34% of the total membership and the societies covered around 3% of the total membership.

By the end of 1970's this trend seems to be reversed as again individual membership stood at around 65%, societies at 3% and 'B' class members constituted 33% of the total.

By the end of the year 1980's total membership increased by more than two times from 22,980 to 50,929. Individual membership increased by around three times leading to 41,518 so as to constitute 82% of the total membership. The membership of the societies increased nearly by twice to 1008. However its respective share in the total, decreased from about 3% in the year 1970 to 2% in the year 1980. In case of 'B' class membership the members increase from 1970 to 1980 has been of the order of around 12%. But its share in the total decreased from 33% of the total in 1970 to 16% in the 1980's.

The year 1981 and 1982 indicates nearly 2% increase in the total membership from 51,239 in 1981 to 52,391 by the end of 1982.



This table enables us to conclude that the membership of the sangh of both 'A' and 'B' classes is increasing rapidly taking into consideration the requirements of the Kolhapur economy and the task which the Shetakari Sahakari Sangh Ltd., Kolhapur is facing. This rate of growth of membership is far from satisfactory. The total membership of the sangh covers hardly 0.02% of the total population of Kolhapur district which stood at around 23 lakhs according to 1981, census.

III : 4 : 2 CAPITAL :

Capital usually acts as a base to perform any marketing activity. Greater the capital larger will be the investment and in turn larger profit; smaller the capital lesser the investment and in turn lower profit. Framers with less capital usually come together in order to help each other and to distribute it among themselves co-operatively, sangh as a marketing co-operative is a good example in this regard. The sangh called up the capital by distributing the shares among the farmer members. Co-operative credit societies, Karvir Darbar etc. This capital is now used for financing the increasing activity and for development purpose of the 'Sangh' there are two concepts of capital of the sangh.

1. Share Capital :

Share capital is the amount collected from different members for the purpose of long term developments of the sangh. The amount collected by share capital may be utilised for acquiring fixed assets like, plant & machinery, furnitures fixtures etc. The larger the share capital greater is the scope for development of the sangh. The total share capital is divided into different parts convenient to be purchased, by the individual member of the sangh each part of this type of share capital is known as share.

*What about
Authorised
reserve
subscribed
paid up
capital*

2) Working Capital :

Working capital is a capital which is taken away from share capital and is used for the day to day transactions of the concern. It is quite useful to maintain the production and sales at a particular level. Lack of working capital leads to closer of the production and reduction in the sales. In short it is a heart of the business, to maintain and continue the business activity smoothly. Working capital consists of net current assets which means excess of current assets over current liabilities. It is wrong to consider current assets as working capital because out of the current assets the sangh has to discharge certain short term liabilities.

The concerned datas showing the growth & composition of share capital and working capital is computed in table IV : 2

Table IV : 2 'Growth & Composition' of -

-Share capital & working capital of the sangh.

(in Rs. lakhs)

Year	Share capital	Working capital	
		Amount	Percent of 3 to 2
1	2	3	4
1940	0.05	0.26	520.00
1950	1.52	12.64	831.58
1960	2.84	78.00	2746.48
1970	18.47	304.02	1646.02
1980	38.04	618.37	1625.58
1981	39.11	705.05	1802.74
1982	40.31	763.73	1894.64

(Source; compiled and computed by the Author from sanghs records)

Various types of share capital -



Table No. III : 2 reveals the growth and composition of share capital and working capital of the sangh, during the year 1940 to 1982. The table shows that the share capital and the working capital has increased considerably.

During the period of 1940 and 1950 the share capital increased by around thirty times from Rs. 0.05 lakhs to Rs. 1.52 lakhs. While working capital increased by about 48 times, from nearly Rs. 0.26 lakhs to Rs. 12.64 lakhs. Again during the period of 1950 and 1960 the share capital increased by around two times from Rs. 1.52 lakh to Rs. 2.84 lakhs and the working capital increased by more than six times from Rs. 12.64 lakhs to Rs. 78 lakhs.

From the year 1960 to 1970 the share capital increased again by about nine times from Rs. 2.84 lakhs to Rs. 18.47 lakhs. While the working capital increased by more than three times, from Rs. 78 lakhs to Rs. 304.02 lakhs. During the period of 1970 and 1980 the share capital increased by around two times from Rs. 18.47 lakhs to Rs. 38.04 lakhs. While the working capital by similar times from Rs. 304.02 lakhs to 618.37 lakhs.

The years 1981 and 1982 shows a small increase in the share capital and working capital. This table enables us to conclude that the share capital and the working capital is increasing rapidly. Even though the share capital is increasing considerably, the ratio of percentage rise in the working capital to the share capital of the respective decades is high. In the year 1940 this percentage was about 520% and it was increased by about 1894 %.

III : 4 : 3 Funds :

Funds are created out of profits in order to —

What types of funds are created by any union or the fund?

strengthen the financial conditions of the business concern. Now a days every co-operative concern is keeping certain amount of funds aside in order to face the future financial risks and bad, uncertain eventualities. In the absence of funds the co-operative concern may not smoothly run its business. It is opined^{out} that the strength of the business can be measured in terms of funds and reserves maintained by the co-operative concern dealing in marketing activites.

The 'Sangh' maintains the following types of funds out of its surplus.

1. Reserve funds.
2. Other funds.

Reserve funds are the funds created for a particular purpose. Such funds should not be used for any purposed other than, for which it is maintained. But other funds are maintained out of profits which are not used for a specific purpose.

The above two funds include project development reserves, special development, reserves, fluctuation reserves, building funds, Investment allowance reserves, deal stock / reserves, dividend equalization funds, rebate equalization funds, shetakari Niwas fund, utensil factory & timber depot allowance reserve capital redemption fund etc.

Table No. IV : 3 shows the growth and composition of reserve and other funds of the sangh over the period of study.

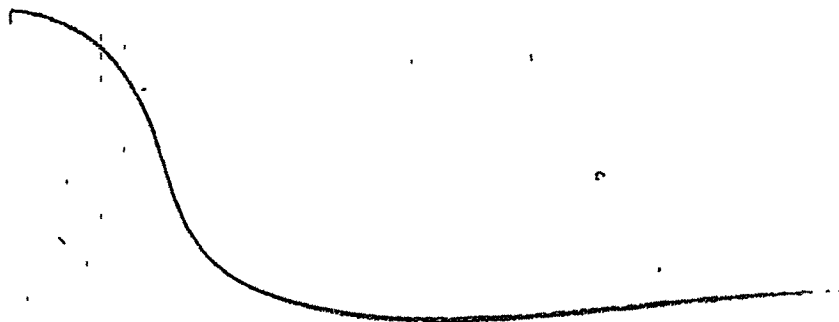


Table III : 3

Reserve and other funds of the sangh.

(Growth & composition figures in Rs. lakhs.)

Year	Reserve funds		Other funds		Aggregate (total) of funds 7s. 12 ru lakhs g.
	Amount	Percent of 6	Amount	Percent of 6	
1	2	3	4	5	6
1940	0.002	100.00	NIL	NIL	0.002
1950	0.52	41.94	0.72	58.06	1.24
1960	4.11	40.49	6.04	59.51	10.15
1970	21.85	38.19	35.37	61.81	57.22
1980	56.04	30.53	127.51	69.47	183.55
1981	61.54	32.26	129.24	67.74	190.78
1982	64.84	31.96	138.03	68.04	202.87

(Source: Compiled and computed by the author from Sangh's records.)

Table No. III : 3 indicates the growth and composition of Reserve and other funds of the sangh during the year 1940 to 1982. The table explains that the reserve funds and other funds are increasing rapidly.

During the year 1940 and 1950, the Reserve fund has increased, by about 260 times from Rs. 0.002 lakhs to Rs. 0.52 lakhs. In the second decade of its development reserve funds have increased by about 8 times from Rs. 0.52 lakhs to Rs. 4.11 lakhs while the other funds have increased by similar times from Rs. 0.72 lakhs to Rs. 6.04 lakhs.

From the year 1960 to 1970 the reserve funds have increased by more than five times from Rs. 4.11 lakhs to Rs. 21.85 lakhs and the other funds were also increased by similar times. In the next decade from 1970 to 1980 the reserve funds increased by more than two times from Rs. 21.85 lakhs to Rs. 56.04 lakhs. While the other funds increased by around three times from Rs. 35.37 lakhs to Rs. 127.51 lakhs as to constitute 69% of the total funds. It increased nearly by 2% from Rs. 190 lakhs to Rs. 202 lakhs by the end of 1982.

This table helps us to conclude that the reserve and other funds were increasing rapidly. But the increase in the amount of reserve funds, is less than the increase in the other funds.

III : 4 : 4 Net profit & rate of dividend :

Cents Profits are the nerves to run any business concern. It can be acquired by facing risks, and uncertainties market fluctuations etc. Larger the profit more will be the interest of any share holder to accompany with the association in near future. This will help to make future investments in the diversified activities of the concern. Co-operative concerns, if operate their business honestly, earns maximum surplus.

Net profit has been defined as " Profit arrived at, after allowing for all the usual working expenses, interest on loans, repairs and outgoings, depreciation, bounties or subsidies from government or public bodies, premium on shares sold, sales of forfeited shares or profits from the sale of the whole or part of the undertaking, deduction of income tax or super tax or any other tax or duty on income, or interest on debentures or otherwise on capital account, or amounts set aside out of profits for reserves or any special fund. " 12. The increase in net profit of the 'sangh' is tremendous since from its existence, sangh is in surplus per year as it is an efficient co-operative concern.

A dividend is the proportion of profits to which a shareholder is entitled, having due regard to the number of shares he holds. Dividends are declared at the Annual General Meeting of shareholders, when the concern has earned sufficient profits. Until a dividend is declared no shareholder can claim any return on the capital he has invested in the concern. But once a dividend is declared the shareholder become creditors of the concern for the amount of the dividend.

Generally dividends are paid in cash. Dividends should be declared only if profits remain, after meeting all expenses, losses depreciation on fixed assets, taxation etc. Profits of extraordinary nature for example profits arising from sale of fixed assets etc should not be distributed as dividend. To create more and more interest in the concern particularly of shareholders sangh started giving dividends to the shareholders. The rate of dividend is in an increasing order since from the beginning of the sangh. Now a days it is giving 12% dividend to its members.

The following table shows the statistical information of the Net Profit and the dividend.

Table III : 4.

Net Profit and total dividend. (Growth & composition).

Year	Net Profit lakh Rs.	Total dividend		Rate of dividend paid
		Amount (Rs. Lakhs)	Percent of	
1	2	3	4	5
1940	0.003	NIL	NIL	4
1950	0.56	0.09	16.07	6 ½
1960	3.02	0.18	18.30	6 ½
1970	8.51	1.74	20.45	9
1980	8.46	4.56	53.90	9 + 3
1981	12.40	4.69	37.82	9 + 3
1982	7.77	4.84	62.29	9 + 3

(Source : compiled and computed by the author from the sanghs records.)

Why
should
Profit
Per cent

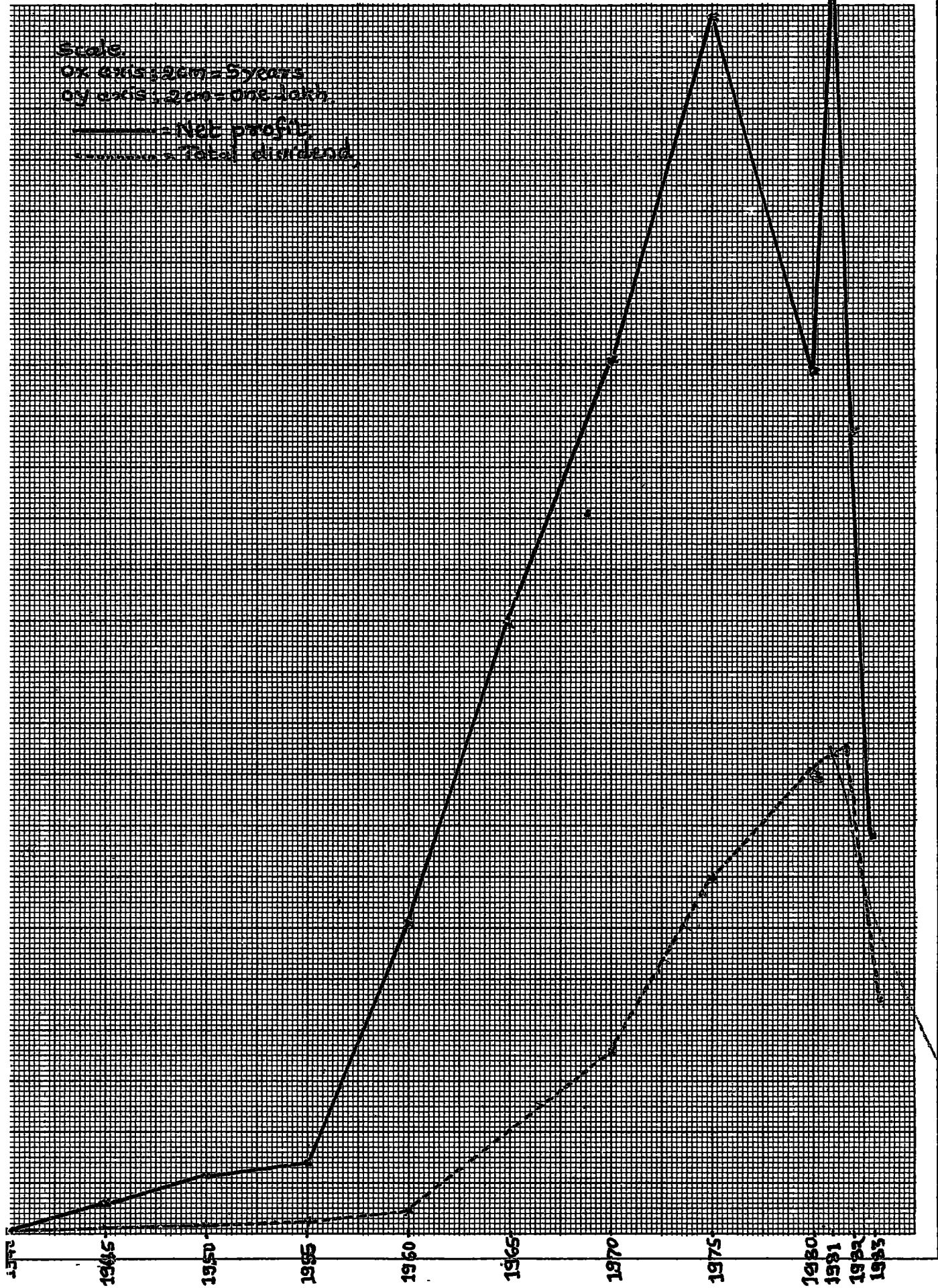
Table No. III : 4 reveals the growth and composition of net profit and total dividend paid on shares to the members from the year 1940 to 1982.

In the beginning decade of the sangh the net profit increased by 186 times from Rs. 0.003 lakhs to Rs. 0.56 lakhs by the end of 1950. During the year 1950 and 1960 the net profit increased by around 5 times while the total dividend increased by around two times from Rs. 0.09 lakhs to Rs. 0.18 lakhs.

From the year 1960 to 1970 the net profit increased by more than two times from Rs. 3.02 lakhs to Rs. 8.51 lakhs. while total dividends increased by eight times from Rs. 0.18 lakhs to Rs. 1.74 lakhs. Even though there is less increase in the net profit the rate of dividend remained the same at 6.25 %.

In the next decade from 1970 to 1980 the net profit actually decreased, from Rs. 8.51 lakhs to Rs. 8.46 lakhs while the total dividend paid increased by around two times from Rs. 1.74 lakhs to Rs. 4.56 lakhs as the rate of dividend paid increased from 9% to 12%. In the year 1981 again net profit increase by 1.5 times from Rs. 8.46 to lakhs Rs. 12.40 lakhs. Total dividends remained more or less similar and in the year 1982 net profit came down by Rs. 7.77 lakhs while the total dividend paid has increased from Rs. 4.69 lakhs to 4.84 lakhs as the percentage reached to 62.29%.

This table enables us to conclude that even though profit fluctuates the total dividend paid by the sangh was maintained properly.



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