
CHAPTER FIVE : PROGRESS OF THE BHAGWANT SOCIETY

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Chapter - 5

PROGRESS OF THE BHAGWANT SOCIETY

5.1 ELEVATION OF STATUS FROM PRIMARY TO
CENTRAL STORE

Previous chapter (have) brought out the image of the Bhagwant Group of Cooperative Societies as a leading complex not only in Barsi town but in Barsi taluka as also Solapur district. Having given a broad sketch of the evolution of the Bhagwant Group over 38 years, the chapters have attempted to pose 'Bhagwant' vis-a-vis other consumer societies in Barsi town.

The core of this investigation being Shree Bhagwant Sahakari Puravatha Mandali Limited, the largest single institution of the Group, this chapter delves into the working of this institution over time.

Upto 1978, since its inception in 1949, the Sarva Vyavasayee Shree Bhagwant Sahakari Puravatha Mandali Ltd., Barsi was working as a primary consumer store. But in the Annual General Meeting held on 29-9-1977 it was decided to transform it from primary to central store¹ because -

- (1) as per rules the primary society couldn't get membership of the State Consumer Cooperative Federation and accrue all kinds of financial benefits therefrom;
- (2) only central stores could derive benefits of the various schemes of the government and

(3) the primary society couldn't purchase goods directly from producers.

So the proposal from Sarva Vyavasai Shree Bhagwant Sahakari Puravatha Mandali Ltd., Barsi was received by the Assistant Registrar, Cooperative Societies, Solapur on 3-10-1977 along with the proposed bye-laws of the central consumer cooperative store. The proposal was approved as per office memo No.RGN/CONS/C-1169/1978, dated 2nd March, 1978 by the Assistant Registrar, Cooperative Societies, sub-division, Solapur which is given in Appendix 5-A at the end of this chapter. Thus from March 1978 the 'Sarva Vyavasai Shree Bhagwant Sahakari Puravatha Mandali Ltd.' became a Central/Federal store and was renamed as 'Shree Bhagwant Sahakari Puravatha Mandali Ltd.' by deleting the words 'Sarva Vyavasai'. Commonly however, the store was continued to be identified by all concerned as 'Bhagwant Society', the short and familiar name.

Interestingly, a point of conjecture at this juncture may be raised as to how and why the Society at its conception got the name 'Bhagwant'. Possible reasons may be two.

(1) Late Bhagwant Pandharinath Sulakhe was the pioneer and chief promoter of this society. He remained the chairman of the society throughout his life since its inception. Sulakhe being a leading public figure, he

might have got his first name inserted in the nomenclature of the primary store.

(2) Another possible explanation may be that it might have been named after the holy God Bhagwant who is worshipped by many people in the big temple at Barsi.

Both the explanations appear plausible. Nobody from the Society could satisfy the quest.

5.2 MODIFIED OBJECTIVES OF 'BHAGWANT'

With transformation of the store from primary store into Central/Federal store since March, 1978, as a matter of legal procedure the society adopted new bye-laws of the central/federal consumer store as under:²

(1) to procure in wholesale and to store consumers' goods for supply on wholesale or retail basis to consumer members and to other customers and their organisations.

(2) to encourage marketing, processing and industrial cooperatives by obtaining supplies from them for use of the consumers and in general sponsoring their working;

(3) to undertake processing and manufacturing activities as and when possible without adversely affecting the interests of the other cooperative societies doing similar business;

(4) to undertake import and export of consumers' goods and to undertake functions for distribution of controlled commodities and commodities in short supply,

if so required by government as an agent or otherwise;

(5) to enter into partnership with two or more cooperative societies for carrying out any specific business or businesses as per provisions of Section 20 of the Maharashtra Cooperative Societies Act;

(6) to provide for such service facilities to customers as may be considered necessary;

(7) To recommend loan applications of affiliated primary consumer stores to financing agencies;

(8) to supervise working of member primary stores and advise them on management and business techniques;

(9) to constitute local advisory bodies for branches;

(10) to encourage self-help, thrift and mutual aid among its members and to help the members to build up trade deposits against which consumer goods could be supplied;

(11) to work as an administrator or liquidator if so appointed and also to undertake management of such societies where necessary on such terms and conditions to, between the society and the as may be mutually agreed member primary stores and

(12) to do such other things as are incidental or conducive to the attainment of all or any of the above objects and to continue and expand the existing activities of the society.

5.3 NEW CONSTITUTION OF THE BOARD OF DIRECTORS

Since March 1978, the Board of Directors of the Society is of 9 members. They are elected at the Annual General Meeting of the Society as per constitution of the Society. The Board of Directors is composed of the following persons:³

1.	Representatives of individual members of which one will be a woman and one belonging to weaker section from amongst the shareholders.	4
2.	Representative of Consumer Societies	1
3.	Representative of Other Cooperatives	1
4.	Representative of Institutions	1
5.	Government nominee from Cooperative department	1
6.	Managing Director, LCD or Secretary, LCD as Ex-Officio member	1
	Total	9

Five members of the Board of Directors form a quorum.

The elected members of the Board of Directors hold office for the period of five years. From the date on which the first meeting of the Board so constituted is held.

Retiring members of the Board are subject to their satisfying the provisions of the Bye-laws, eligible for re-election.

5.4 PROGRESS MADE BY THE BHAGWANT SAHAKARI
PURAVATHA MANDALI LTD., BARSII.

The story of the progress of 'Bhagwant' is a stirring story of success and the history of sustained, continued and constant endeavour of the management to serve the interest of its members and the general public.

The Government of Maharashtra appointed an Expert Committee for consumer cooperatives in Maharashtra under the Chairmanship of Dr. A.U. Shaikh and other 17 members. This Committee visited 14 societies outside the State and 27 societies within the State. Out of these 27 societies, from Maharashtra, 3 societies were from Solapur district, out of which 2 were from Barsi town one of them being 'Bhagwant'. In its report (1972) the Committee aptly described the progress of Bhagwant in the following words:⁴

"This primary store was organised in 1949. It has been working as wholesaler of kerosene and crude oil of the Indian Oil Company and is also running a petrol pump. It has a fertiliser section and has also set up a small press. It gave rebate to members on purchases at 5 percent but not exceeding Rs.40 per share. The Society is in 'A' class for last 13 years and is paying dividend at 9 percent for last six years." Briefly, this observation reflects the satisfactory progress the Bhagwant Society was making since its inception.

5.4.1 Membership

Growth of membership is basic indicator of the growth of any cooperative society. Eventhough the membership is composed of the consumers, other cooperative societies and the government, consumer membership is of real significance as the consumer store aims at serving the consumers at large. Growth of the Bhagwant Society in this respect can be examined on the basis of details of Table 5.1.

During the first decade of the development of the society i.e. 1949-50 to 1959-60 the growth rate of the membership was very slow. In this decade the membership increased by 2.32 times from 22 in 1949-50 to 51 in 1958-59. The index number in the latter year stood at 231.82.

During the second decade of the growth of Bhagwant, i.e., 1960-61 to 1969-70, membership grew rapidly, particularly from the middle of the decade. The membership spurted from 63 in 1960-61 to 835 in 1969-70. It increased by 13.25 times compared to 1960-61. The index number of membership growth revealed a phenomenal rise from 286.36 in 1960-61 to 3,795.45 in 1969-70, recording a rise of 3,509.09 percentage points. This was certainly a golden period in the history of the Society so far as membership drive was concerned.

Table 5.1

Growth of Membership of Bhagwant
Society

Year	Individual	Society	Total Membership	Index of Membership growth
1949-50	22	-	22	100.00
1950-51	22	-	22	100.00
1951-52	24	-	24	109.09
1952-53	N.A.	-	N.A.	-
1953-54	48	-	48	218.18
1954-55	48	-	48	218.18
1955-56	48	-	48	218.18
1956-57	48	-	48	218.18
1957-58	49	-	49	222.73
1958-59	51	-	51	231.82
1959-60	N.A.	-	N.A.	-
1960-61	63	-	63	286.36
1961-62	N.A.	-	N.A.	-
1962-63	N.A.	-	N.A.	-
1963-64	N.A.	-	N.A.	-
1964-65	N.A.	-	N.A.	-
1965-66	250	-	250	1,136.36
1966-67	482	-	482	2,190.91
1967-68	480	-	480	2,181.82
1968-69	782	-	782	3,554.55
1969-70	835	-	835	3,795.45
1970-71	856	-	856	3,890.91
1971-72	891	-	891	4,050.00
1972-73	953	-	953	4,331.82
1973-74	945	-	945	4,295.45
1974-75	1,059	-	1,059	4,813.64
1975-76	1,097	-	1,097	4,986.36
1976-77	1,091	-	1,091	4,959.09
1977-78	1,045	4	1,049	4,768.18
1978-79	1,111	5	1,116	5,072.72
1979-80	1,215	6	1,221	5,550.00
1980-81	1,287	6	1,293	5,877.27
1981-82	1,300	6	1,306	5,936.36
1982-83	1,334	6	1,340	6,090.91
1983-84	1,342	6	1,348	6,127.27
1984-85	1,338	6	1,344	6,109.09

N.A. - Not Available

Source : Compiled on the basis of data collected from the Annual Reports and office records of the Bhagwant Society.

The third decade of the growth of the Society, i.e. 1970-71 to 1979-80, is remarkable and important in the history of the growth of the Society from another point of view. In 1977-78, the status of the Society was elevated from primary store to central/federal store. Since then membership was extended to Cooperative Societies too, though this membership in numbers always remained meagre compared to membership of the consumers. Total membership of the Society shot-up from 856 in 1970-71 to 1221 in 1979-80 leading to 1.43 times increase. The index of membership growth was up by 1659.09 percentage points. Though the change was striking during this period, it was little less than half that during the previous decade. Certainly, the decade gave a boost to the healthy progress of the Society.

In the first half of the fourth decade the total membership increased from 1293 to 1344, that is by 1.04 times indicating thereby almost near stagnancy situation. The index of growth was higher by only 231.82 percentage points. Growth by leaps and bounds noticed during the past two decades was almost calmed down during the first quinquennium of the eighties. Growth has been almost stunned. What for? The point would be taken up in the concluding chapter.

Thus, the total membership of the Society has increased from 22 at the time of inception to 1,344

during the period of 36 years ending 1984-85. It increased by 61.09 times, or by 6,009.09 percent. Except the 6 Society members, rest of the membership belonged to the consumers. This much membership, however, looks almost microscopic if it is noticed that the membership constituted hardly 0.013 percent of the total population of Barsi town.

5.4.2 Share Capital

Share capital of the cooperative society grows pari passu the growth of membership. Bhagwant Society does exhibit this kind of direct relationship; however, the growth rates of the two variables have been rather different.

With reference to Tables 5.1 and 5.2, it can be seen that over 11 years from 1949-50 to 1959-60, the share capital of the Society grew just by 38.88 percent as against the growth of membership by 31.82 percent. The two variables thus moved almost hand-in-hand. The decade of nineteen sixties saw the share capital moving ahead by 2240.11 percentage points as against the movement of membership by 3509.09 percentage points. Thus, the rate of growth of share capital lagged behind that of the membership. Both the membership and thereby the share capital swelled remarkably in 1968-69 and the tempo was continued thereafter. Nineteen seventies experienced a slowing down of the growth of membership and therefore,

Table 5.2

Growth of Share Capital and Working Capital of Bhagwant Society

(Rs.in thousands)

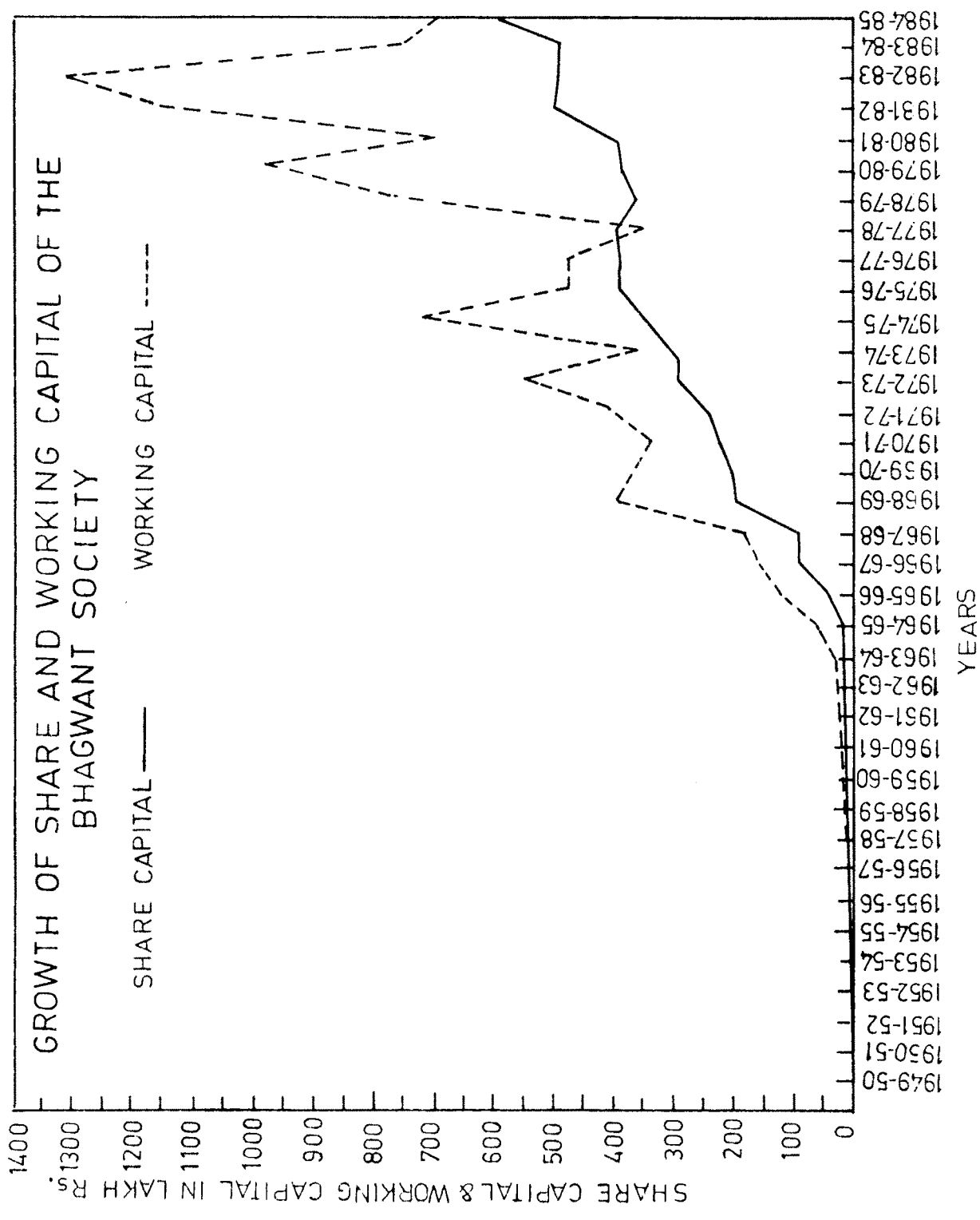
Year	Share Capital	Working Capital	Index No. of Growth of Share Capital
1949-50	8.95	N.A.	100.00
1950-51	9.20	N.A.	102.79
1951-52	9.30	N.A.	103.91
1952-53	9.55	N.A.	106.70
1953-54	10.20	N.A.	113.97
1954-55	10.43	N.A.	116.54
1955-56	10.60	N.A.	118.44
1956-57	10.85	N.A.	121.23
1957-58	10.86	13.41	121.34
1958-59	11.17	18.33	124.80
1959-60	12.43	22.18	138.88
1960-61	12.89	24.96	144.02
1961-62	14.05	24.89	156.98
1962-63	15.24	30.63	170.28
1963-64	16.88	46.81	188.60
1964-65	25.00	68.66	279.33
1965-66	49.55	130.60	553.63
1966-67	95.63	162.94	1068.49
1967-68	97.97	186.27	1094.64
1968-69	195.17	404.32	2180.67
1969-70	213.38	N.A.	2384.13
1970-71	235.38	344.88	2629.04
1971-72	252.08	412.39	2816.54
1972-73	296.77	546.14	3315.87
1973-74	299.26	377.90	3343.69
1974-75	360.59	731.56	4028.04
1975-76	401.41	487.45	4485.02
1976-77	397.91	479.31	4445.02
1977-78	401.12	359.82	4481.79
1978-79	368.88	787.81	4121.56
1979-80	393.54	987.21	4397.09
1980-81	402.64	725.74	4498.77
1981-82	505.23	1168.04	5645.03
1982-83	504.77	1330.69	5639.89
1983-84	501.77	762.60	5606.37
1984-85	599.20	704.32	6694.07

N.A. - Not Available

Source : Compiled on the basis of data collected from the Annual Reports and office records of the Bhagwant Society.

GROWTH OF SHARE AND WORKING CAPITAL OF THE BHAGWANT SOCIETY

SHARE CAPITAL ——— WORKING CAPITAL - - - - -



of the share capital. Index number of share capital was up by 1768.05 percentage points from 2629.04 in 1970-71 to 4397.09 in 1979-80. As against this, index number of membership hiked by 1659.09 percentage points which remained lower than the share capital index difference.

Last five years in the time series have put out considerably better performance in respect of share capital whose index number spurted from 4498.77 in 1980-81 to 6694.07 in 1984-85 leading to a rise of 2195.30 percentage points vis-a-vis a rise of only 231.82 percentage points in the membership. This wide difference between the growth of the two related variables can be attributed to the change in the status of the society in 1978-79 from primary to central/federal store. Individual membership grew slowly while a couple of cooperative could join as members. But the impact of these changes was not substantial. The single factor causing a big jump in the capital base was the association of the government as a share contributor to the society with a contribution of Rs.1 lakh consequent upon the elevation of the store.

To sum up, the Bhagwant Society began in 1949-50 with paid-up share capital of Rs.8.95 thousands and rose to the level of Rs.599.20 thousands by 1984-85.

It has been able to build-up a sound capital base throughout this period. The Society is authorised to raise Rs.10 lakh as share capital; by 1984-85, its paid-up capital was 59.92 percent of its authorised capital.

5.4.3 Working Capital

Working capital is the capital at hand useful to meet the day-to-day requirements of the society in carrying out effectively its regular activities. It appears that the Bhagwant Society was able to mobilise quite a large volume of resources in this respect. Perusal of Table 5.2 reveals that the amount of working capital, which stood at 13.41 thousands in 1957-58, got into three digits (130.60 thousands) in 1965-66 and within next three years marked the height of Rs.404.32 thousands in 1968-69. This concurred with the preparations for the 'great leap' of the society's activities that was noticed in later years. For most part of the nineteen seventies the level of the working capital moved round-about the one in 1968-69. A big push, again, was given in 1978-79 with the elevation of the society into a central store and the store could muster working capital to the tune of Rs.987.21 thousands in 1979-80. Nineteen eighties lifted this figures to an unprecedented level of Rs.1,168.04 thousands in 1981-82 before again slashing it down to Rs.704.32 thousands in 1984-85.

A major source of working capital was time deposits from the members. They stood at Rs.566.40 thousands in 1984-85 constituting 80.42 percent of the working capital.

5.4.4 Turnover

Annual turnover of the business unit is a basic factor determining the volume of its gross profit. More the turnover, greater is the possibility of earning larger profits. Higher profit potentialities of the unit have better prospects of growth too.

Trend in the sales of the Bhagwant Society can be studied in the light of the details of Table 5.3.

Total sales of the Bhagwant Society over the span of 36 years depicts a rising trend. Sales in the founding year were very modest and amounted to Rs.0.05 lakh only. By 1950-60, they reached to Rs.3.66 lakh showing thereby a steady progress. A noteworthy lift was taken in 1963-64 when the sales attained two digits (Rs.10.29 lakh) and thereafter in the following six years sales grew rapidly so as to attain the level of Rs.47.45 lakh in 1969-70. The growth was 1536.21 percent over 1960-61. Again, the year 1970-71 marked a substantial rise to the level of Rs.74.25 lakh as against Rs.47.45 lakh in 1969-70. In the end-year of the seventies (1979-80) sales reached the figure of Rs.141.55 lakh recording a rise of 90.64 percent over 1970-71. Last

Table 5.3

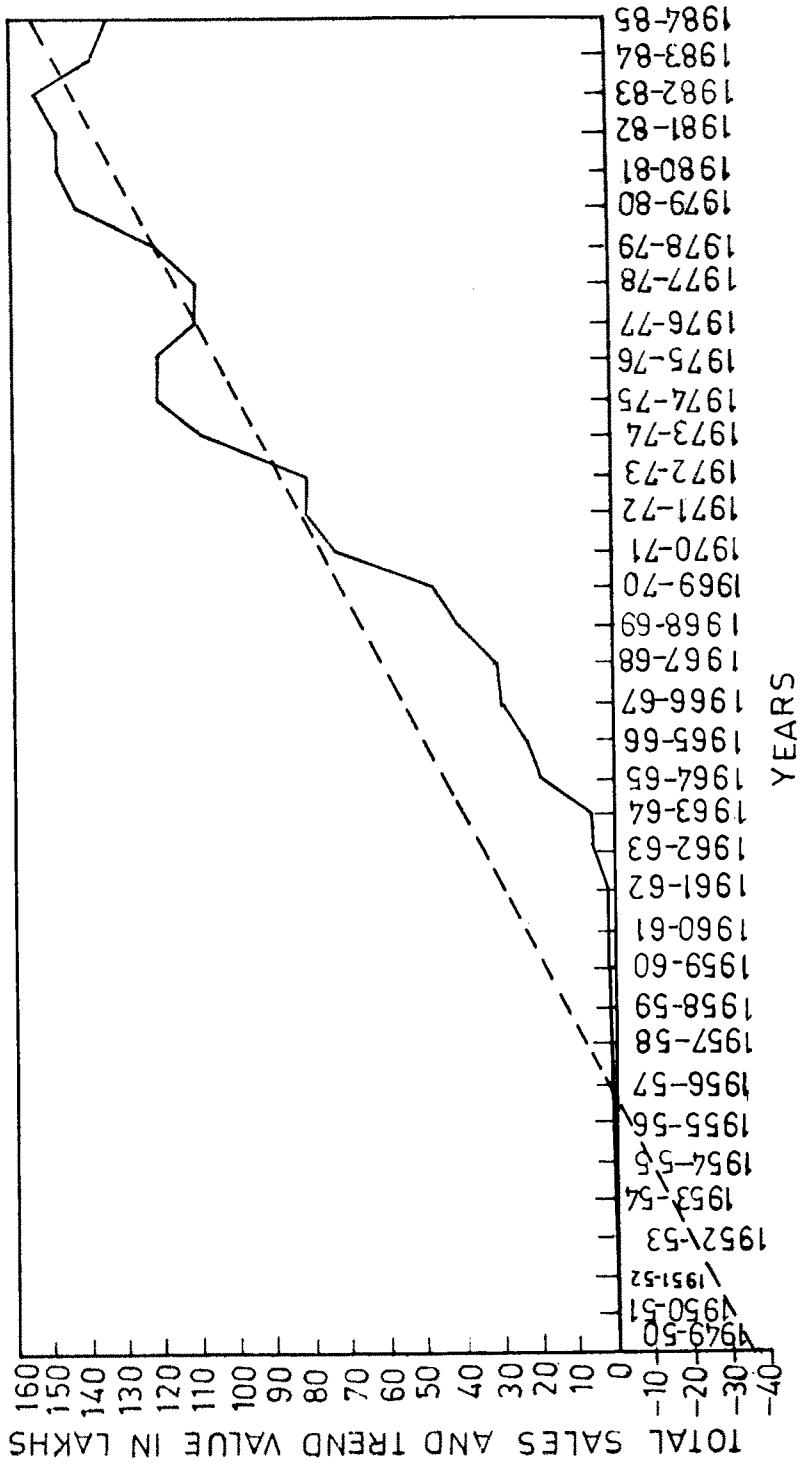
Annual turnover of the Bhagwant Society
(Rs.in lakh)

Year	Total Sales	Trend Value
1949-50	0.05	- 36.00
1950-51	0.24	- 30.56
1951-52	0.30	- 25.12
1952-53	0.33	- 19.68
1953-54	0.35	- 14.24
1954-55	* 0.24	- 8.80
1955-56	0.44	- 3.36
1956-57	1.38	+ 2.08
1957-58	1.87	* 7.52
1958-59	2.51	+ 12.96
1959-60	3.66	+ 18.40
1960-61	2.90	+ 23.84
1961-62	2.82	+ 29.28
1962-63	6.18	+ 34.72
1963-64	10.29	+ 40.16
1964-65	19.68	+ 45.60
1965-66	24.73	+ 51.04
1966-67	34.36	+ 56.48
1967-68	32.36	+ 61.92
1968-69	42.87	+ 67.36
1969-70	47.45	+ 72.80
1970-71	74.25	+ 78.24
1971-72	81.70	+ 83.68
1972-73	82.83	+ 89.12
1973-74	111.43	+ 94.56
1974-75	120.22	+100.00
1975-76	121.74	+105.44
1976-77	112.32	+110.88
1977-78	109.46	+116.32
1978-79	120.20	+121.76
1979-80	141.55	+127.20
1980-81	147.90	+132.64
1981-82	148.26	+138.08
1982-83	154.53	+143.52
1983-84	137.32	+148.96
1984-85	134.63	+154.40

Source : Compiled on the basis of data collected from the Annual Reports and office records of the Bhagwant Society.

GROWTH OF TOTAL SALES OF THE BHAGAWANT SOCIETY

TOTAL SALES ——— TREND VALUES - - - -



quinquennium in the time series could push up the sales further to Rs.154.53 lakh in 1982-83, but the last two years were of decelerating sales. In the final year of the time series (1984-85), the sales stood at Rs.134.63 lakh.

The increasing value of sales during the long span of 36 years is a compound result of two main forces: (a) increasing volume of sales consequent upon growth in membership and widening of the activities undertaken and (b) rising prices of consumer goods due to prevalent inflationary conditions. Real values of the sales, therefore, will have to be computed by using suitable deflators. Without doing that, the inference of rising sales could be testified in the light of extension of activities to many more areas and establishment of a few branches outside Barsi town. Anyway, the Bhagwant society progressed with great strides by hiking its sales substantially from time to time.

Trend values in Table 5.3 depict the steepness of the trend line as shown in the graph. The trend values have been estimated by using the Method of Least Squares and the corresponding formula

$Y_t = a + bx$. Estimated values in the equation were -

$$a = \frac{\sum Y}{n} = \frac{2033.15}{36} = 56.48 \quad \dots (1)$$

$$b = \frac{\sum xY}{\sum x^2} = \frac{21183.54}{3894} = 5.44 \quad \dots (2)$$

The trend equation, therefore, was -

$$Y_t = 56.48 + 5.44 (x).$$

The trend is shown in the accompanying graphical presentation.

5.4.5 Income and Expenditure

The Bhagwant Society acquired income from different sources like dividend on shares, purchase commission of petrol pump department, commission on controlled and uncontrolled cloth, rent from bakery, interest on investments, income from oil seeds processing and trading profit. Expenditure items were salary of the employees, rent of its premises, audit fees, management of petrol pump and printing press, labour welfare fund, state education fund, employees' insurance, bank commission, travelling expenses, Diwali scheme expenses, current repairs, office expenses of consummables, expenses of branch offices, and so on.

Perusal of Table 5.4 reveals that over the 16 years from 1969-70 to 1984-85 both the income and expenditure of the society increased slowly during the initial 7 to 8 years and thereafter by leaps and bounds till 1984-85. The year 1982-83 recorded the highest income (Rs.7.03 lakhs) as well as expenditure (Rs.6.50 lakh). Both the variables exhibit steep trends since occasions of dips were less.

Table 5.4

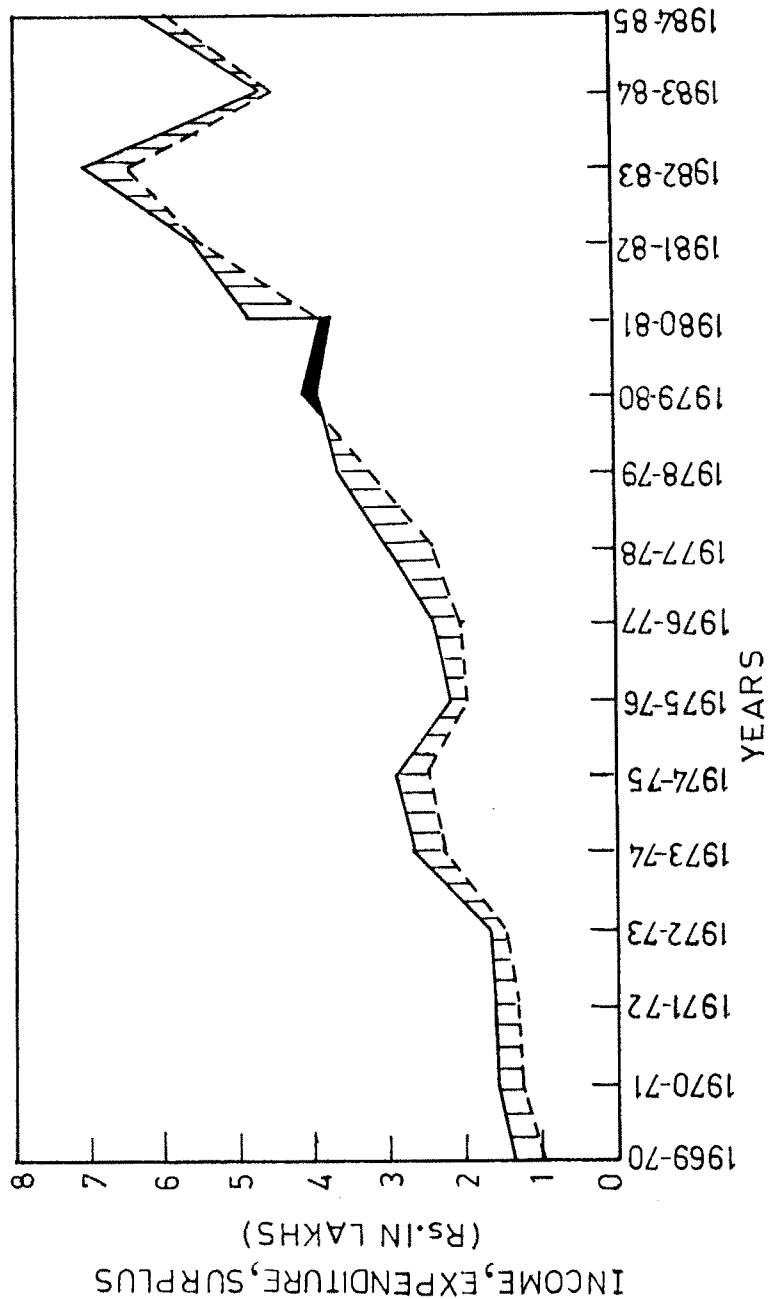
Income and Expenditure of ~~the~~ Shree Bhagwant Sahakari Puravatha
Mandali Ltd.

Year	Income	Expendi- ture	Surplus (Net Profit)	Index No. of growth of		
				Income	Expend- iture	Surplus
1969-70	1.33	0.99	0.34	100.00	100.00	100.00
1970-71	1.62	1.27	0.35	121.80	128.28	102.94
1972-72	1.70	1.36	0.34	127.82	137.37	100.00
1972-73	1.86	1.52	0.34	139.85	153.54	100.00
1973-74	2.74	2.26	0.48	206.02	228.28	141.18
1974-75	2.96	2.46	0.50	222.56	248.48	147.06
1975-76	2.23	2.02	0.21	167.67	204.04	61.76
1976-77	2.44	2.13	0.31	183.46	215.15	91.18
1977-78	3.03	2.43	0.60	227.82	245.45	176.47
1978-79	3.70	3.26	0.44	278.20	329.29	129.41
1979-80	3.95	4.18	- 0.23	296.99	422.22	32.35
1980-81	4.81	3.98	0.83	361.65	402.02	244.12
1981-82	5.66	5.56	0.10	425.56	561.62	29.41
1982-83	7.03	6.50	0.53	528.57	656.57	155.88
1983-84	4.76	4.59	0.17	357.89	463.64	50.00
1984-85	6.32	5.93	0.39	475.19	598.99	114.71

Source : Compiled on the basis of data collected from Annual
Reports and office records of the Bhagwant Society.

INCOME AND EXPENDITURE OF THE BHAGWANT SOCIETY

EXPENDITURE
 INCOME
 PROFIT
 LOSS



When it comes to measuring the growth rates, index number of growth in income and expenditure as shown in Table 5.4 reveal that expenditure grew faster than income as the index numbers of the former all the while remained lower than those of the latter. The index number of income was maximum at 528.57 in 1982-83 and rested finally at 475.19 in 1984-85. As against this, the index number of expenditure reached the peak of 656.57 in 1982-83 before resting at 598.99 in 1984-85.

Eventhough expenditure of the Society grew at a greater pace relative to the income all the while, except once, income exceeded the expenditure providing a surplus to the society. There was a solitary case of the year 1979-80 when the society's expenditure (Rs.4.18 lakhs) exceeded its income (Rs.3.95 lakhs) resulting into a loss of Rs.0.23 lakhs. Rest of the years realised a surplus within the range of Rs.0.10 lakhs and Rs.0.83 lakhs. It is worth noting that the last four years in the time series, viz., 1981-82 to 1984-85 have recorded significantly lower losses, except 1982-83, compared to the previous years. Finally, a careful look at the figures relating to the absolute amount of surplus and its indices reveals wide fluctuations from year to year.

5.4.6 Profit allocation

Net surplus or net profit is what remains after all the expenses of running a cooperative enterprise are met. Under consumer cooperative system, profit is distributed among members not according to the shareholdings but in proportion to their transactions made in the consumers' cooperative society during the course of time. This shows that loyalty of the society must be to its members and the members must be loyal to its society. This concept is considered to be a practical expression of the non-profit character of the cooperative concern. In the words of the Prime Minister William E. Gladstone, 'It is the greatest economic invention of the 19th century.'

Generally the surplus distribution takes place according to the provisions of the bye-laws of the society. The Bhagwant Society accordingly, keeps reserve fund, special development fund, education fund, market fluctuation fund, dividend equalization fund, and etc. and distributes a portion of the profit as dividend. The nature of profit allocation of the Bhagwant Society can be explained with the help of Table 5.5 which gives data for 15 years from 1970-71 to 1984-85.

Normally, in the allocation of net profits of any cooperative society, reserve fund is the first

Table 5.5

Allocation of net profit of the Bhagwant Society
(Rs. in '000)

Year	Reserve Fund	Dividend	Dividend Equalisation Fund	Special Development Fund	Carried forward	Others	Total
1970-71	3.09 (10.03)	21.03 (68.28)	-	2.40 (7.79)	-	4.28 (13.89)	30.80 (100.00)
1971-72	-	-	-	-	-	-	-
1972-73	3.18 (9.99)	26.62 (83.66)	-	2.02 (6.35)	-	-	31.82 (100.00)
1973-74	3.89 (10.00)	26.90 (69.21)	-	3.23 (8.31)	-	4.85 (12.48)	38.87 (100.00)
1974-75	3.86 (9.99)	32.42 (83.97)	-	2.33 (6.03)	-	-	38.61 (100.00)
1975-76	-	-	-	-	-	-	-
1976-77	4.27 (10.00)	35.78 (83.79)	2.65 (6.21)	-	-	-	42.70 (100.00)
1977-78	-	-	-	-	-	-	-
1978-79	11.06 (24.69)	33.12 (73.95)	0.61 (1.36)	-	-	-	44.79 (100.00)
1979-80	-	-	-	-	-	-	-
1980-81	15.06 (24.99)	45.20 (75.00)	-	-	-	-	60.26 (100.00)
1981-82	2.49 (24.97)	-	-	-	7.48 (75.03)	-	9.97 (100.00)
1982-83	12.70 (21.78)	45.00 (77.17)	0.61 (1.05)	-	-	-	58.31 (100.00)
1983-84	-	-	-	-	16.58 (100.00)	-	16.58 (100.00)
1984-85	14.07 (25.00)	25.86 (45.95)	-	-	16.35 (29.02)	-	56.28 (100.00)

Note : 'Others' include allocations for education fund, working reserves, etc.

Source: Compiled on the basis of data collected from Annual Reports and office records of the Bhagwant Society.

charge before setting aside money for other funds and dividend distribution. Other funds get credit under specific circumstances as laid down by the bye-laws. Reserve fund and dividend distribution generally go hand-in-hand.

Of the 15 years under reference in Table 5.5, the Society could not accrue net profits during 5 years, viz., 1971-72, 1975-76, 1977-78, 1979-80 and 1983-84 when it could not contribute anything to the reserve fund. By 1977-78, the society could contribute annually nearabout Rs.4 thousand to its reserve fund but since 1978-79 this contribution spurted to Rs.11 to 15 thousand.

Distribution of dividend, on the other hand, moved up gradually from Rs.21.03 thousand in 1970-71 to Rs.45 thousand in 1982-83 but slumped to Rs.25.86 thousand in 1984-85. The share of the dividend amount in the total allocable profit ranged between 46 percent and 84 percent over the period.

Contribution to special development fund was discontinued after 1974-75 and to other funds after 1973-74. Addition to dividend equalisation fund was done casually. A part of the profit was carried forward to the succeeding years for three years, viz., 1981-82, 1983-84 and 1984-85. This, therefore, remained a recent phenomenon.

Finally, the amount of allocable profit which stood at Rs.30.80 thousand in 1970-71 touched the height of 60.26 thousand in 1980-81 and thereafter showed erratic variations due to similar experience in case of surplus of income over expenditure as seen in Table 5.4.

5.4.7 Reserve and other funds

For every business organisation maintenance of reserve fund is absolutely necessary as it helps in saving the organisation in adverse situations. It is like an insurance against uncertain eventualities. Usually, such a fund is created by keeping aside annually a portion of the gross profit of the organisation before distribution of dividend. If the organisation is established on sound footings and is able to carry on its business satisfactorily, the accumulated reserve fund swells annually and thereby provides a safety valve to the organisation. Cooperative Societies Act too provides for creation of reserve fund by every enterprise out of its profits. Bhagwant Society adhered to this requirement and has by now built a sizeable reserve fund.

Besides reserve fund, the society is maintaining other funds such as special extension fund, market fluctuation fund, dividend equalisation fund, cooperative and public fund, etc. The aggregate volume of these funds together also is quite big.

Growth and relative position of reserve fund and other funds can be understood with the help of Table 5.6.

Table 5.6

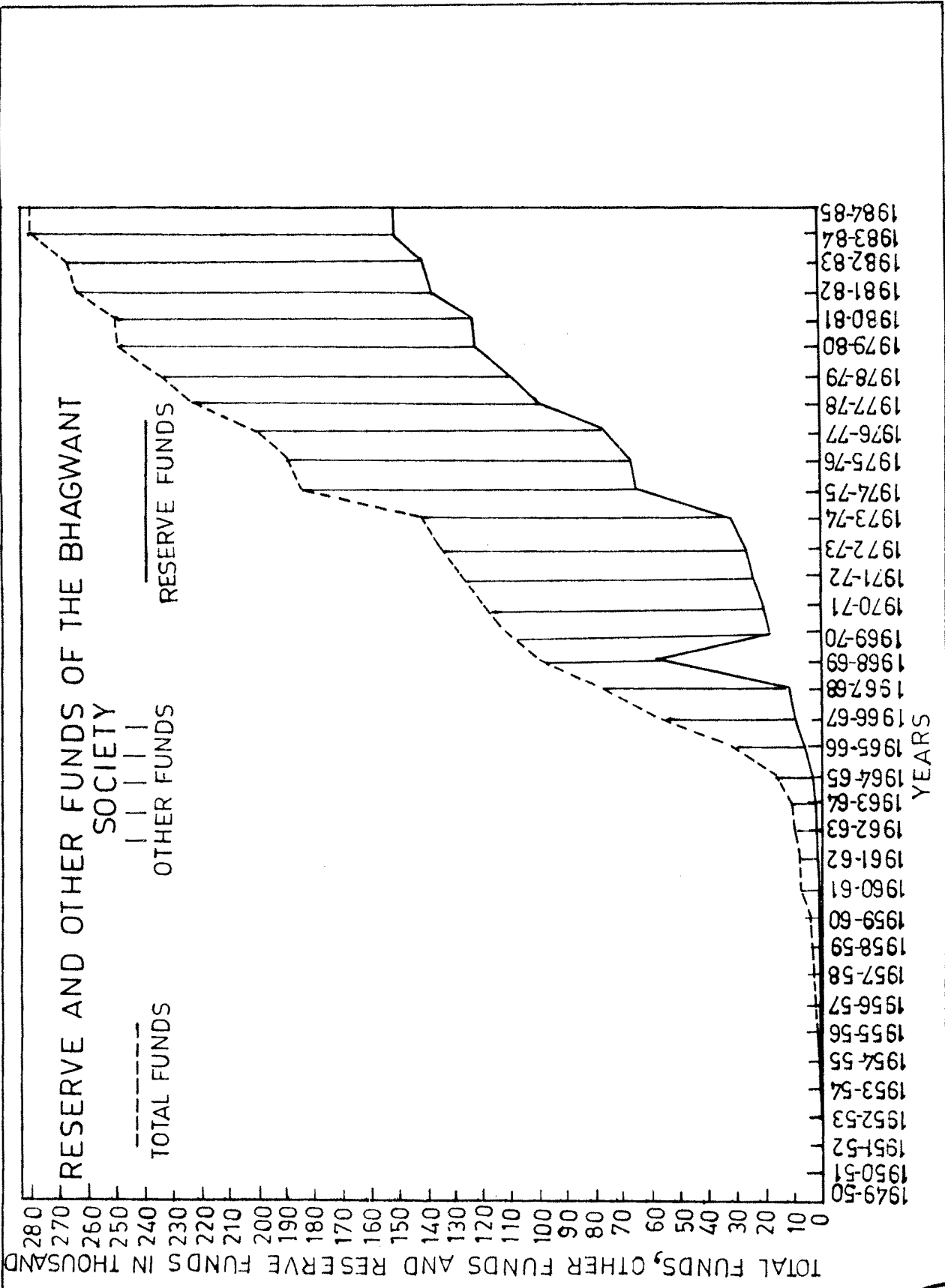
Growth of Reserve and Other funds of Bhagwant Society

(Rs. in thousands)

Year	Reserve fund	% of 2 to 6	Other funds	% of 4 to 6	Total funds
1	2	3	4	5	6
1949-50	0.02	100	-	-	0.02
1950-51	N.A.	-	N.A.	-	-
1951-52	N.A.	-	N.A.	-	-
1952-53	0.06	22.22	0.21	77.78	0.27
1953-54	0.06	22.22	0.21	77.78	0.27
1954-55	0.12	20.69	0.46	79.31	0.58
1955-56	0.12	20.69	0.46	79.31	0.58
1956-57	0.12	20.69	0.46	79.31	0.58
1957-58	0.26	20.47	1.01	79.53	1.27
1958-59	0.48	19.59	1.97	80.41	2.45
1959-60	0.86	20.38	3.36	79.62	4.22
1960-61	1.35	20.27	5.31	79.73	6.66
1961-62	1.86	20.74	7.11	79.26	8.97
1962-63	2.13	20.04	8.35	79.68	10.48
1963-64	2.59	20.31	10.16	79.69	12.75
1964-65	3.56	19.58	14.62	80.42	18.18
1965-66	6.18	18.65	26.95	81.35	33.13
1966-67	10.44	18.07	47.35	81.93	57.79
1967-68	13.02	16.53	65.73	83.47	78.75
1968-69	59.73	60.28	39.36	39.72	99.09
1969-70	19.63	17.27	94.04	82.73	113.67
1970-71	22.45	18.60	98.22	81.40	120.67
1971-72	25.60	19.72	104.21	80.28	129.81
1972-73	28.64	20.92	108.27	79.08	136.91
1973-74	31.89	22.38	110.63	77.62	142.52
1974-75	64.45	35.18	118.71	64.80	183.19
1975-76	68.35	36.08	121.04	63.91	189.39
1976-77	76.02	38.59	120.95	61.41	196.97
1977-78	100.31	44.80	123.60	55.20	223.91
1978-79	111.84	47.24	124.92	52.76	236.76
1979-80	123.43	49.59	125.49	50.41	248.92
1980-81	123.53	49.61	125.49	50.39	249.02
1981-82	138.64	52.49	125.49	47.51	264.13
1982-83	141.19	52.94	125.49	47.06	266.68
1983-84	153.92	54.97	126.10	45.03	280.02
1984-85	153.92	54.97	126.10	45.03	280.02

Note : N.A. = Not Available

Source : Compiled on the basis of data collected from the Annual Reports and office records of Bhagwant Society.



Aggregate funds in reserve, which include reserve fund and other funds, maintained by the Bhagwant Society showed a noteworthy progress from a paltry amount of Rs.20 in the initial year to 280.02 thousand in 1984-85. The final position of the reserve accumulation of nearly Rs.3 lakh may not be an attractive figure to anybody. But if looked from the point of view that the society could continue to function over a period of about four decades and could bit by bit keep in abeyance a portion of its gross profit, which cannot be exorbitant within cooperative framework, by itself reveals its healthy character. Consumer cooperatives aim at conferring maximum benefit on the consumers through rebates, reasonable prices and reasonable margin. As such their accumulated funds are bound to remain limited.

Looking to the components of the accumulated funds of the Bhagwant Society, reserve fund constituted the largest single item. It was Rs.153.92 thousands in a total of Rs.280.02 thousands (54.97 percent) in 1984-85. Perusing the time series data in Table 5.6, it is seen that the amount of reserve fund of the society grew very slowly during initial 11 years from 1949-50 to 1959-60. It moved up from Rs.20 in 1949-50 to Rs.860 in 1959-60. Nineteen sixties further strengthened the amount first by taking it to four figures

and then since 1966-67 pushing it to five figures. Successively the amount swelled and in 1977-78, the reserve fund crossed the mark of Rs. 1 lakh leading ultimately to Rs.1.54 lakh in 1984-85.

The behaviour of acculation of other funds too was also in line with the reserve funds. They were a little over Rs.200 in 1952-53, crossed the limit of Rs.1,000 in 1957-58 and were beyond Rs.10,000 in 1963-64. Thereafter they grew still faster and exceeded Rs.1 lakh in 1971-72 itself. This pace of growth, however, did not continue in later years. During 13 years after 1971-72, the funds touched the level of Rs.126.10 thousands only.

If both groups of accumulated funds are put side by side, it could be noticed that the share of other funds in the aggregate remained between 77 percent and 83 percent over the long span from 1952-53 to 1973-74. Thereafter, a declining trend was set and the porpotion declined from 77.62 percent in 1973-74 to 45.03 in 1984-85. By implication, the proportion of reserve fund was moving between 17 percent and 23 percent till 1973-74 and thereafter exhibited a rising trend reaching finally to 54.97 percent in 1984-85.

5.5 EXTENSION ACTIVITY OF THE SOCIETY

With its various local branches, the Bhagwant Society had a turnover of Rs.1.37 crores in 1983-84.

The society was dealing in grocery, foodgrains, kerosene, petroleum products, lubricating oil, controlled and decontrolled cloth, fertilisers, edible oils, printing materials and other essential commodities. The society was an authorised dealer of the Indian Oil Corporation and Rashtriya Chemicals and Fertilisers Ltd. It undertook public distribution of sugar, cement and wheat products. The society had already entered into production of tur dal and edible oils.

All these activities were undertaken for the benefit of the urban area of Barsi taluka. However, of late the society has undertaken schemes of extension of consumer supply activity to the rural area of Barsi taluka under the Rural Distribution Scheme supported by the National Cooperative Development Corporation (NCDC). Considering the need of catering services of distribution of consumer articles in rural areas, the Bhagwant Society decided to link 67 village level cooperative societies in Barsi taluka under the Rural Distribution Scheme since no village level society was engaged in the distribution of consumer articles.

It was decided to cover in all 67 villages (55 percent) from Barsi taluka under the Rural Distribution Scheme. Other villages are too small and are expected to be served by the selected village centres. The scheme will be implemented in three stages as below :

Stage I (Project I) - 25 villages.

Stage II (Project II) - 21 villages.

Stage III (Project III) - 21 villages.

Village-level multi-purpose cooperative societies would be used as distribution centres. Villages to be covered and their distance from Barsi town are as under :

Project I : (1) Ukadgaon (26 km.,), (2) Pandhari - 24 km.,
(3) Surdi - 32 km., (4) Kalambwadi - 20 km.,
(5) Umbarge - 12 km., (6) Turk Pimpri -
33 km., (7) Pangri Brihat - 22 km.,
(8) Mandegaon - 15 km., (9) Agalgaon
(Brihat No.1) - 10 km., (10) Pangaon -
12 km., (11) Pathari - 16 km.,
(12) Shirale - 20 km., (13) Jamgaon - 5 km.,
(14) Kuslamb - 12 km., (15) Khamgaon
(Brihat) - 22 km., (16) Kari - 29 km.,
(17) Kategaon - 16 km., (18) Tadsoundane-
6 km., (19) Nari (No.1) - 22 km.,
(20) Babhulgaon (Brihat) - 15 km.,
(21) Koregaon - 25 km., (22) Chincholi -
23 km., (23) Kalambwadi - 20 km.,
(24) Gharipuri (No.1) - 15 km., and
(25) Sakat - 17 km.

Project II : (1) Bhalgaon - 40 km., (2) Savargaon -
28 km., (3) Bhatambare - 24 km.,
(4) Jamgaon (Malegaon) - 20 km.,
(5) Rui - 40 km., (6) Upale (Dumala) -
24 km., (7) Gulpoli - 35 km.,
(8) Korphale - 12 km., (9) Dadshinge -
8 km., (10) Malvandi - 35 km.,

- (11) Pimpalwadi-18 km., (12) Mamdapur -23kms.,
(13) Gormale-23 km., (14) Malegaon (Brihat)-15 km.,
(15) Bhotanje-11 km., (16) Shripat Pimpri-15 km.,
(17) Shendri-11 km., (18) Kavhe- 9 km.,
(19) Pimpalgaon (Pangaon)-15 km., (20) Ghanegaon-
17 km. and (21) Pimpri (Ratanjan) - 26 km.

- Project III : (1) Bavi (Brihat)-12 km., (2) Kalegaon-17 km.,
(3) Chikharde-15 km., (4) Zaregaon-34 km.,
(5) Khandari-10 km., (6) Dhote-16 km., (7) Undegaon-
19 km., (8) Indapur- 24 km., (9) Ambegaon-45 km.,
(10) Sarole-42 km., (11) Kasari-45 km., (12) Shree
Datta Ratanjan-27 km., (13) Sasure-27 km.,
(14) Halduge-26 km., (15) Shelgaon-32 km.,
(16) Malegaon-34 km., (17) Pimpalgaon-7 km.,
(18) Chare (Brihat)-16 km., (19) Borgaon (Khurd)-
15 km., (20) Chumb-21 km. (21) Zadi-26 km.

Project I of 25 societies was submitted to the NCDC in August, 1984 and was sanctioned in December, 1984. Project II was submitted in January, 1985 and Project III in May, 1985.

Expected sales results of the three projects during the first two years of their implementation were as in Table 5.7.

These projects are certainly useful in injecting consumer cooperation in rural areas. Expected turnover reveal the potentialities of the rural markets. It was certainly befitting the tradition of the Bhagwant Society to utilise the NCDC Scheme and spread out its influence over the entire Barsi taluka.

Table 5.7

Expected sales results of the three projects of
Rural Distribution Scheme of the Bhagwant Society
(Rs.in lakhs)

Items	Annual Turnover					
	Project I		Project II		Project III	
	First year	Second year	First year	Second year	First year	Second year
1. Controlled	8.11	11.85	57.85	62.55	57.10	60.00
2. Uncontrolled	12.17	16.08	52.12	57.12	49.75	55.50
Total	20.28	27.93	109.97	119.67	106.85	115.50

Source : Office records of the Bhagwant Society.

5.6 CONCLUSION

The Bhagwant Society has its existence for nearly four decades. Over this long span of time, on various counts, it has exhibited signs of steady progress. Initial decade of the society reflected slow march while especially after 1968-69, the society progressed with greater pace. It was able to strengthen its membership and consequently its capital base. It could gradually enhance its annual sales so that with a solitary exception in all the years its income exceeded its expenditure leaving some surplus. Being a consumer cooperative, profit-making was never its principal motive. As a result, the society could not earn net profit every year. However, whenever it could accrue net surplus, it adhered to the statutory requirement of building reserve of different

kinds, thus providing added strength to the financial base of the society. On the whole, therefore, the society had a good going as a consumer store, Its elevation as a central store a decade ago can be considered as a recognition of its useful and efficient functioning.

REFERENCES

1. Sarya Vyavasaḃee Shree Bhagwant Sahakari Puravatha Mandali Ltd., Barsi, 29th Annual Report, 1976-1977, p.4.
2. Shree Bhagwant Sahakari Puravatha Mandali Ltd., Barsi, Bye-laws.
3. Ibid., G.1.9.
4. Report of the Expert Committee for Consumer Cooperatives in Maharashtra State (1972), Maharashtra Rajya Sahakari Sangh, Bombay, p.95.

Appendix -5A

Asstt. Registrar, Cooperative Societies -
Solapur dated 2nd March, 1978.

The proposal from Sarya Vyavasayee Shree
Bhagwant Sahakari Puravatha Mandali Ltd., Barsi for
adoption of bye-laws of wholesale consumer cooperative
store as received under his No. - dated 3-10-77.

Memo

In exercise of the provisions under Section
13(2) of M.C.S. Act, 1960 read with rule 12(4) of the
MCS Rules, 1961, the amendment to the bye-laws as proposed
and approved for adoption of bye-laws as formed for
wholesale consumer stores by the Sarya Vyavasaik Shree
Bhagwant Sahakari Puravatha Mandali Ltd., Barsi in its
Annual General Meeting held on 29-9-1977 are approved as
under -

<u>Existing Wording</u>	<u>Revised Text</u>
Bye-laws No.1; Sarva Vyavasaik Shree BSPM Ltd., Barsi	Bye-law No.A-1-1 Shri BSPM Ltd., Barsi
Bye-laws Nos. 2 to 63.	Bye-laws Nos. A1-2 to I-1-12 As per copy attached.

Approved as per this office memo No.RGN/CONS/C-1169/1978
dated 2-3-1978 by Asst. Registrar, Cooperative Societies,
sub-division, Solapur, Shobha Nagar, Solapur

Source : Office records of the Society.