

# ***CHAPTER-III***

## CHAPTER - III

## GROWTH OF URBAN CO-OPERATIVE BANKS IN SATARA DISTRICT

## 3.1 HISTORICAL BACKGROUND :

Satara is known as central place of the Maharashtra State. It is known as Satara Sansthan also. There are some basic factors carrying the development of Satara. Shrimant Shahuraje Bhosale of Satara who was committed to the social development played an important role in the development of Satara Sansthan. He came to power from 10/8/1894, from the very beginning of this region he had made some effort to improve the very economic, social as well as educational conditions of the people of this Sansthan known as Satara Taluka at present. He had advanced credit to improve agriculture but most of the non agricultural classes were dependent upon the lenders (Pathans, Mahajans) in respect of financial assistance. It was rather difficult to finance all the business activities curried on by the local people. Hence, he thought that, the industrial as well as commercial activities should be financed by the collective institutions.

All Tahasils included in Satara Sansthan before 1917 are today in Satara district. Basically the financial requirements of people were concerned with the agricultural activities. Predominantly the debtor class was of farmers, traders, and industrialists. Because the credit societies were not in existence, at that time the Kulkarni and the money lenders were exploiting the poorer class by advancing loans. Most of the loan

requirements were met by the money lenders, Mahajans, Imperial Bank and the treasury of the Sansthan. There were 2545 money lenders in 1891 and they advanced loans of the amount of Rs. 8755000. The rate of interest charged by the money lenders was 15% to 40% Though the credit requirements of the people were high, British Govt. was totally neutral regarding the financing activities. But Shahu Maharaj was one who was eager to develop the agriculture, trade and commerce and the industries. These business activities were concentrated in the hands of a few selfish people consequently, the credit supply was inadequate with the high interest rates. Therefore, Shahu Maharaj took the decision to finance the poor framers, small traders, tiny industrialists as well as the crafts man.

In 1904 the Co-operative Societies Act was passed by the Govt. of India. On the basis of this Act Shri. V.D.Varadkar and Shri. K.G.Sarade were going to establish the credit societies in order to meet the financial requirements and to encourage the business activities in the State. For the purpose he made some correspondence with Bombay Presidency and brought the information, by the by-laws and other necessary documents. He read all the documents carefully and emphasised on the establishment of Co-operative Societies in the Satara Santhan. While emphasizing establishment of Co-operative Societies as well as Co-operative marketing. If it is done by the people Satara district is ready to help them.

From the above discussion it is clear that, before the Co-operative Societies Act, 1904, Shahu Maharaj is the pioneer of Co-operative movement and after the Act Shri. K.G.Sarade and Shri. V.D.Varadkar <sup>was</sup> ~~is~~ the pioneer of the Co-operative movement finds its beginning in the Europe in 19th Century, in our Country and particularly in Satara district, Co-operative movement took place in order to finance industrial development, to rescue of the people from the money lenders' exploitation and to meet the other financial requirements of the people.

### 3.2 ESTABLISHMENT OF URBAN BANK : A BEGINNING OF CO-OPERATIVE

Before the establishment of Co-operative Societies Karad Bank Ltd. Imperial Bank of India, postal Bank, Southern consumers were not adequately financed by these commercial banks. People were unhappy with the functioning of the commercial Bank money lenders were exploiting poorer classes. Hence Shri. Sarade and Shri. Varadkar initiated a move to solve the financial problem through the medium of Co-operation. At the same time in 1904 Co-operative Societies Act was passed. In 1912 All India Co-operative Societies Act was passed by considering the functioning of the Co-operative Societies and the Act was implemented by Shahu Maharaj in Satara Sansthan in 1917. The Karad Urban Co-operative Society (The Karad Urban Co-operative Bank) is the first Society in the State which was established 24/1/1917 and it became the mother of all other Co-operative Societies in Satara. The Karad urban Co-operative Society Ltd., was established under

the leadership of Hon. Vasant Rao Varadkar. Therefore, though, Shahu Maharaj is the spirit behind Co-operative movement in Satara district, Hon. Vasant Rao Varadkar is the father of Co-operative movement in Satara district.

### 3.3 EXPANSION OF BANKS IN SATARA DISTRICT :

After the establishment of Urban Co-operative Bank in the district various credit Co-operative and other Co-operative Societies were established in various parts of the district. Some of them they are started by Hon. Vasant Rao Varadkar. He was not only started various institutions but also inspired others to set up the various institutions. After 1917 the following institutions were working in the district.

1. The Karad Urban Co-operative Society Ltd;
2. Wai Urban Co-operative society Ltd;
3. The Mahabaleshwar Urban Co-operative Society Ltd;
4. The Rayat Sevak Sahakari Society Ltd;
5. The Koregaon Co-operative Peoples Society Ltd;

In the beginning these institutions were working as limited as well as not unlimited societies. In 1993-94, 425 societies were working in the district. Among them bank and credit societies were as follows.

**TABLE 3.1**  
**BANKS AND CREDIT SOCIETIES IN SATARA DISTRICT**  
**1945-46**

Sr.No.		Unlimited	Limited	Total
1.	Banks	-	05	05
2.	Societies (Non-agriculture)	-	07	07
3.	Backward Credit Societies			
	a) Urban Region	-	01	01
	b) Rural Region	-	-	-
	<b>Total</b>	-	13	13

Source : Record from office of the Dist. Deputy Registrar from Co-operative Societies, Satara.

The above table shows that, at the end of 1945-46 the number of limited Co-operative Societies was 13. It means that as compared to total Co-operative Societies in the year 1945-46 there proportion was only 38.46% particularly in that period 5 Co-operative Banks were in existence which were operating on the basis of limited responsibility.

**TABLE 3.2**  
**CO-OPERATIVE BANK AND SOCIETIES IN MAHAL AND PETHA**  
**(1993-94)**

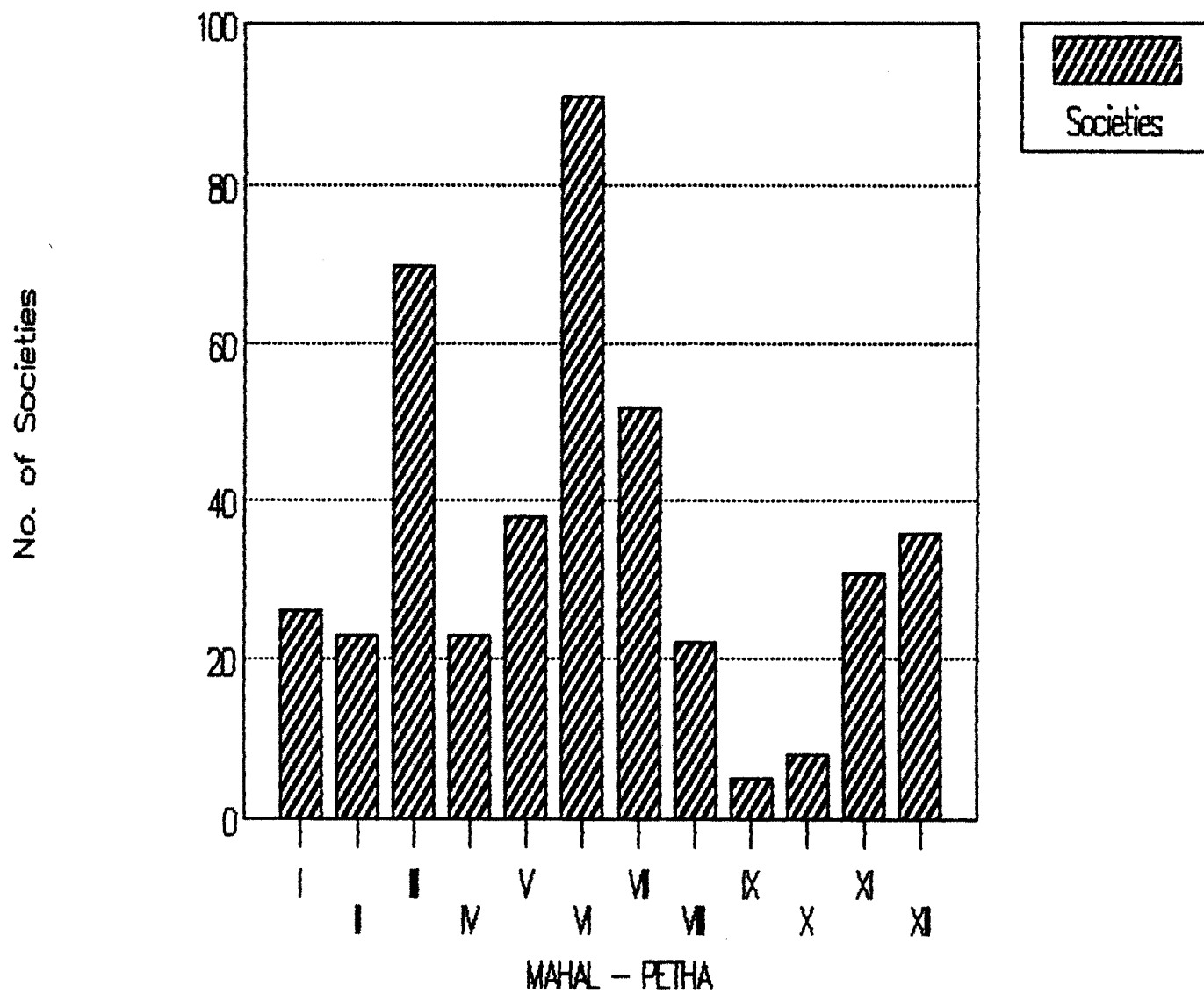
Sr.No.	Mahal - Petha	Societies	Banks
1.	Satara City	26	05
2.	Khandala Petha	23	-
3.	Satara Taluka	70	-
4.	Koregaon	23	01
5.	Khatav	38	01
6.	Karad	91	04
7.	Phaltan Mahal	52	03
8.	Man (Dahiwadi)	22	-
9.	Mahabaleshwar Petha	05	01
10.	Jawli (Medha)	08	-
11.	Wai	31	01
12.	Patan	36	-
		425	16

Source : Record from office of the Dist. Deputy Registrar from Co-operative Societies, Satara.

Table No. 3.2 shows that, at the end of 1993 i.e. after independence, only 16 banks and 425 Societies were established in the Satara district. But all the out of 16 Co-operative Banks only 5 Co-operative Banks were located in Satara City.

# Co-op. Banks & Societies

## in Mahal and Petha





We find that, most of the credit Societies were located in Karad Taluka followed by Satara Taluka. Most of the credit Societies were located in Khandala Petha followed by Mahabaleshwar Petha. Only one bank was established in Pethas. But in Phaltan Mahal large number of Societies were established.

TABLE 3.3

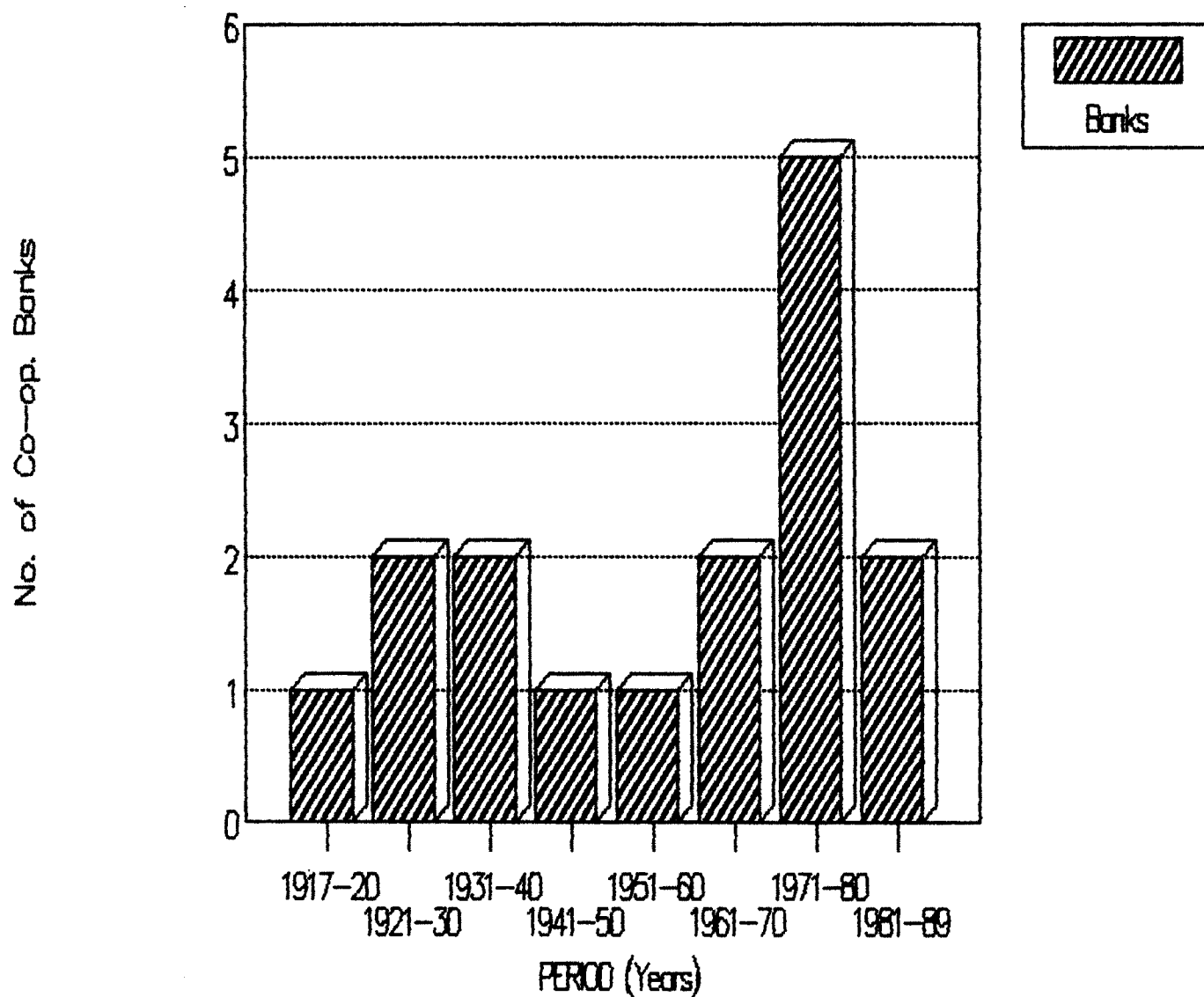
## GROWTH OF URBAN CO-OPERATIVE BANKS IN SATARA DISTRICT.

Sr.No.	Period (years)	Urban Co-operative Banks.
1.	1917 to 1920	01
2.	1921 to 1930	02
3.	1931 to 1940	02
4.	1941 to 1950	01
5.	1951 to 1960	01
6.	1961 to 1970	02
7.	1971 to 1980	05
8.	1981 to 1989	02
Total		16

Source : Record from office of the Dist. Deputy Registrar from Co-operative Societies, Satara.

Table No. 3.3 focuses light on the growth of Urban Co-operative Banks during 1917 to 1989. It shows that the number of Banks increased during the independence period. There were 16 Urban Co-operative Banks in Satara district. Satara district was

# Growth of Urban Co-op. Banks in Satara District



the only district in Maharashtra in which the Co-operative Banks were established in such small numbers. The reason behind it is not the initiative of the Co-operators in the Satara district.

During the period of 60 years i.e. 1921 to 1980, 13 Banks were established. It means that on an average two Bank was established in every ten year. In the beginning of the planning year the number of Co-operative increased.

**TABLE 3.4**  
**TALUKAWISE DISTRIBUTION OF BANKS IN SATARA DISTRICT**  
**(31/3/1990)**

Sr.No.	Taluka	Banks
1.	Satara	05
2.	Wai	01
3.	Khanadala	-
4.	Koregaon	01
5.	Phaltan	03
6.	Man (Dahiwadi)	-
7.	Khatav	01
8.	Karada	04
9.	Patan	-
10.	Jawli (Medha)	-
11.	Mahabaleshwar	01
		16

Source : Record from office of the Dist. Deputy Registrar from  
 Co-operative Societies, Satara.

The above table 3.4 shows Taluka wise distribution of Urban Co-operative Banks in Satara district. The table shows that, the growth of the Urban Co-operative Banks in Satara district is uneven. On 31/3/1990 out of 16 Banks in the district 5 Banks are established in Satara Taluka. Out of the 16 Banks 5 Banks are established in Satara City only. It is clear that near about 31% Banks are established in Satara City only.

Followed by the Satara Taluka, one Urban Co-operative Bank was established in Wai Taluka and Koregaon Taluka. If we consider the growth of Urban Co-operative Banks in case of the Koregaon Taluka there is also very uneven distribution of the Bank. Only one Bank is established in Koregaon only. Koregaon is the place where the food grain trade is located. Unfortunately except Mahabaleshwar Taluka there are some Taluka in the district which are located in hilly area to the west of the district, particularly Patan, Jawli, Khanadala and Backward Taluka is Man(Dahiwadi), where <sup>(Jawli)</sup> Medha Urban Co-operative Banks are not established. It is implied that the economic development of district is uneven. Because 4 Urban Co-operative Banks are established in Karad Taluka and 3 Urban Co-operative Banks are established in Phaltan Taluka and 3 Taluka i.e. Wai, Mahabaleshwar and Khatav in this every Taluka only one Urban Co-operative Bank are established. Lastly these hilly and Backward Taluka are totally undeveloped.

TABLE 3.5

**PROGRESS OF URBAN CO-OPERATIVE BANK IN SATARA DISTRICT  
(1983 TO 1993)**

(Rs. in Lakhs)

Sr.No.	Particulars	31 March 1983	31 March 1993
1.	Total Banks	14.00	16.00 (625) - 9
2.	No. of Membership (000)	76.00	169.00 (122.3)
3.	Total Funds	398.12	2052.19 (415.4)
4.	Total Deposits	2344.65	2149.60 (802.0)
5.	Advances	2858.41	18648.26 (553.7)
6.	Working Capital	14125.25	27359.73 (93.7)
7.	Overdues	433.12	92.87 (-78.7)
8.	Profit	162.50	281.08 (73.0)

Source : Record from office of the Dist. Deputy Registrar  
from Co-operative Societies, Satara.

Table 3.5 shows that during the period of 10 years number of Co-operative Banks has increased from 14 to 16. It means that the number of Banks increased by 14.28 % . If we consider the above table Column No. 2 in the above table, we find that there has been uneven progress in respect of membership, deposits, advances, working capital, overdues, and profits.

1. As compared to 31 March 1983, on 31 March 1993. The membership of Urban Co-operative Banks in Satara district has increased by 122.3% .
2. The total funds of the Banks have increased by 415.4 % during the same period.
3. During the period the total deposits with the Urban Co-operative Banks have increased by 802.0% .
4. There has been considerable increase in advances of the Banks have increased by 553.7% during the same period.
5. In respect of the working capital the change over the period is of 93.7% .
6. Though the Urban Co-operative Banks in Satara district have developed progressively the overdues of the Banks during the above period have decreased noticeably. The overdues of the Banks have decreased by -78.76 % .
7. Though the overdues of the Banks have increased one and half times the profits of the Banks have increased by 73.0 % . It seems that the progress of the Urban Co-operative Banks in Satara district during the period 1983 - 1993 is satisfactory.