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CHAPTER - III

Economic Reforms introduced  
by Babasaheb Ghorpade.

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### C H A P T E R - III

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##### Introduction :

" Since his installation on the Gadi, Shrimant Babasaheb has introduced many reforms in his state. " 1

He found out all the loopholes in his jagir and provided a very efficient administration. He understand people's difficulties and tried his best to get the difficulties solved.

At the time of his accession to the Gadi, the jagir had become bankrupt. He brought the principality of Ichalkarnji out of bankruptcy. He tried hard to make his subjects satisfied with his reforms. He introduced uniform weights and measures all over the State. He paid heed to the difficulties of the railway passengers. He continued the use of Modi script for Marathi language in official documents. He undertook land reforms, co-operative movement and afforestation in his State.

✓ Compared to source of the income of his small jagir, he introduced many reforms in the field of water-supply, agricultural development, textile industry, public works department, health department, police department, municipality. The expenditure incurred on Public Wells, Sanatoriums, and Temples etc. by him is really worthy.

Economic Reforms :

At the time of his installation on the Ichalkaranji Gadi, Shrimant Babasaheb had to face acute financial difficulties. In the first place Ichalkaranji had taken the loan of forty five thousand rupees; and secondly in the drought of 1897, again it had to take the loan of thirty thousand rupees. In short, the complete economy of the State was thrown out of gears.<sup>2</sup>

Babasaheb was duty-bound to improve the economy. He imposed some strict limitations on his expenditure and he meticulously followed it. He introduced new ways of accounts. He used to have budgetary provisions. He would never go beyond budget provisions. " Earlier rulers always gave priority to their own extravagance and whims and if some money remained, it would be spent on public reforms. But Babasaheb's policy was quite the opposite." <sup>3</sup>

Being a very efficient ruler he was aware of his responsibilities. He put some limits on his own expenditure. He wanted to pay some instalments of the loan on his State. He had the definite planning and strategy in his administration. He had deep loyalty to his subjects. He adhered strictly to his budget provisions. He undertook time-bound programme for the welfare of his State.

He economized the expenditure on administrative methods and repaid the loans. After some days he was able to save some money. Thus, he brought the principality out<sup>of</sup> financial chaos and prepared sound foundations for it. He did not impose excessive taxes on his people. People did not have to pay anything except land-revenue as direct tax.<sup>4</sup>

Inspite of a very small source of income, Babasaheb could render many prominent reforms to his subject. Babasaheb had a private source of income of about fifty thousand rupees, from Sherideshmukhi estate. Sometimes, he would spend his personal income to meet the additional demands of the State coffers, to make both the ends meet. He never violated the limit of rupees three thousand for his personal expenditure, which was given to him as 'Tanakha'.

Unlike other States, he never took help of indecent ways of grabbing money from the State coffers for his private means. He never allowed his personal expenditure of his family to be imposed on the State coffers.

1. Agricultural Reforms :

From the beginning of his career, Babasaheb always felt that it was his duty to make his people's economic condition sound. Majority of the people in Ichalkaranji State depended

upon agriculture. And hence, he took special efforts for land reforms. He experimented with modern teachinges in his own land as pilot projects and helped the peasants to understand its importance. He had formed close friendship with Dr. Burns and Dr. Mann, the Principals of the Agriculture College, Poona.

He had appointed some agriculture officers in his State. Some people were trained in agricultural Schools. He always expected them to make new experiments. The main crops in Ichalkaranji State, were Sugarcane, Cotton, Tobacco, Chilly, Turmeric and Jawar. In the case of Sugarcane plantations, he introduced scientific ways. He trained Sugarcane growers to produce, a nice and plentiful variety of new Gur (Jaggery). As a result Ichalkaranji's jaggery had lot of demand in Sangli and Kolhapur markets.<sup>5</sup>

He provided guidance for banana, and pan -plantations even in the distant villages like Arag and Manerajuri. He took efforts to increase the cotton yield in his principality.<sup>6</sup>

In Ajara Taluka Paddy and Nagali were the main crops. Some people depended upon the forest for their livelihood. He took special efforts to increase teak-wood and Sandalwood.<sup>3</sup>

" The income from the forest, which was rupees 8,228 in 1892, was almost doubled in 1941-42. It became rupees 15,987."<sup>7</sup>

He made deliberate attempts to increase mango and lemon production. Thus, he showed deep interest in horticulture. At Awandi, he tried to grow 'Hapus' and 'Payari' mango varieties, in his own backyard.<sup>8</sup>

Without good animals agriculture in those days was virtually impossible. Babasaheb made deliberate attempts to produce good breed and variety of animals.

He started celebrating 'Bendur'. He had arranged for a very big exhibition of animals on the day of 'Bendur'. The race of oxen pulling the wooden logs had become very famous in Ichalkaranji State. Good and meritorious bulls were awarded prizes and silver ornaments. Babasaheb brought hybrid cows and calves from Poona agricultural farm of Ichalkaranji.<sup>9</sup>

He made provisions to explain the importance of organic fertilizers in agriculture. He had made certain demonstration plots.

" In order to supplement the peasant's income he thought of introducing poultry farms. He made an attempt to bring 'white leghorn' to his State. Babasaheb provided the peasants with government loans, for agricultural purpose. Babasaheb keenly observed the co-operative institutions as well

as agricultural farms, when he travelled in England and Europe. He intended to import some of these techniques in his State. In 1913, he gave a lecture on the agriculture and co-operative movement in Europe. His journey to Europe, ultimately resulted in land reforms in Ichalkaranji." 10

✓ 2) Textile and Cotton Industry :

Babasaheb was aware of the fact, that agricultural production was just enough for the peasant to live from hand to mouth. So, Babasaheb was on the look out for some supplementary income for the farmer. His initial adviser, Justice Ranade had taught him that he could not become rich unless he brought money from outside sources'.

✓ \ " He thought of bringing this advice into practise. He brought some weaver families from outside in the jagir of Ichalkaranji, Initially, he gave them some financial assistance and open space for their colony. In the beginning rough 'Khadi' was produced by those weavers. It was immediately sold in the markets in the vicinity. They could get good profits also. Many weaver families became permanent inhabitants of Ichalkaranji State. Ichalkaranji's hand-woven cotton clothes became famous even outside the State. " 11 \

Earlier the 'Kumatha' -variety of cotton was sold out side the State. But then the export of the cotton was terminated and it was used on the handlooms.

" Shri<sup>^</sup>mant Babasaheb persuaded some rich traders to come to Ichalkaranji. He helped them with the required assistance and made them open first spinning and ginning factory in Ichalkaranji some seventy eight years ago. Cotton press was also established on the seed capital of one lakh rupees. Thus, textile industry could progress in the State of Ichalkaranji. <sup>12</sup> \

" It was soon clear that, it became almost impossible to hing; upon handlooms for economic progress. So a man like Vithalrao Datar went to Poona, joined a technical school and learnt the technique of manufacturing locks. He came back to Ichalkaranji and started manufacturing locks in his own workshop. Side by side he started manufacturing rocking chairs. But the sale of these commodities had its own limitations. This made him, think of powerloom and cotton mill. Shrimant Babasaheb agreed to help Vithalrao in this aspect according to the measure of his capacity." <sup>13</sup>

Mr. Balwantrao Marathe gave up his job as a clerk and started the workshop of dyeing the hand-woven cloths and hand-spun threads. Marathe's son, after his B.Sc., served in Gajanan



Mills at Sangli for sometime and mastered the necessary knowledge about the powerlooms. Afterwards he also started a small unit of powerlooms. Later he became one of the leading industrialists.

" Babasaheb encouraged and assisted Mr. Huparikar to build a Cinema theatre. As days went by, fifteen to twenty members of Babasaheb's clerical staff entered the powerloom industry."<sup>14</sup>

Men like, Rupchand Shethaji Gujar, Keshav Premachand Gujar and Virupaksha Anna Sultanpure, came together and instituted a spinning jenny of co-operative basis. Babasaheb helped them to go on with their project. It turned out to be a profitable business.<sup>15</sup>

" After the successful project of spinning jenny, cotton-press became quite a necessary thing. Spinning jenny, and cotton -press facilities at Ichalkaranji resulted in the greater demand for raw cotton in Ichalkaranji market. Thus thousands of cotton bales were sent to Bombay from Ichalkaranji market."<sup>16</sup> )

| Babasaheb's role in the growth and development of textile industry was of vital importance. He was the man who laid the foundation stone of this industry in Ichalkaranji.

People started manufacturing coloured sarees on powerlooms. Balwantrao Marathe's textile mill became a prominent factory in Ichalkaranji. Sangale and Bugad families also entered the business of textile. Thus seventy to eighty small units of powerlooms were established during the regime of Babasaheb Ghorpade. " Ichalkaranji's sarees became famous all over India. Thus the city became the 'Manchester' of Maharashtra."<sup>17</sup>

3) Trade and Commerce :

Along with the growth of textile industry the trade and commerce in Ichalkaranji progressed by leaps and bounds. Earlier the peasants had to go to either Sangli or Kolhapur for selling their goods like, Turmeric, Chilly or Tobacco. Babasaheb understood that, it was the waste of energy and time. And hence he established a market yard on the outskirts of Ichalkaranji.<sup>18</sup>

In the year 1912, Babasaheb started first 'Patapedhi' (Society), at Rangoli in Ichalkaranji jagir. The 'Patapedhi' (Society), was run by the people in selfless manner. It proved out to be a demonstration project for the villages in the vicinity. Then first co-operative society was founded at Ichalkaranji for solving the financial difficulties of the farmers. Shrimant Babasaheb Ghorpade was instrumental for starting all such institutions.

I- Credit Societies :

Babasaheb Ghorpade wanted that the credit societies must have a sound financial base. The details about co-operative societies are as under :-

TABLE - 2 : Information about the Credit Societies in Ichalkaranji.

| Sr. No. | Name of the Society                        | Foundation date | Members | Working Capital |
|---------|--|-----------------|---------|-----------------|
| 1       | 2  | 3               | 4       | 5               |
| 1.      | Urban Co-operative Credit Society.         | 28-2-1920       | 461     | 36,309          |
| 2.      | Rural Co-operative Credit Society, Rangali | 2-4-1913        | 137     | 22,155          |
| 3.      | Ichalkaranji Rural Credit Co-operative.    | 13-11-1913      | 160     | 27,677          |
| 4.      | Manerajuri Co-operative Credit Society.    | 3-11-1919       | 167     | 8,266           |
| 5.      | Arag Co-operative Credit Society.          | 27-2-1915       | 121     | 5,798           |
| 6.      | Lat Co-operative Credit Society.           | 9-3-1916        | 196     | 9,429           |
| 7.      | Servant's Co-op. Credit Society.           | 6-4-1933        | 111     | 1,422           |
| 8.      | Shirdhon Co-operative Credit Society.      | 28-2-1920       | 175     | 5,155           |

/Contd. Table-2/

| Sr. No. | Name of the Society                           | Foundation date | Members | Working Capital |
|---------|---|-----------------|---------|-----------------|
| 1       | 2   | 3               | 4       | 5               |
| 9.      | Shirdwad Co-operative Credit Society.         | 13-10-1925      | 100     | 7,594           |
| 10.     | Ajara Rural Co-op. Credit Society.            | 28-2-1914       | 179     | 13,379          |
| 11.     | Polagaon Co-operative Credit Society.         | 11-12-1919      | 142     | 2,656           |
| 12.     | Bhadwan Co-operative Credit Society.          | 8-9-1919        | 86      | 2,785           |
| 13.     | Shipur Co-operative Credit Society.           | 20-11-1919      | 53      | 1,269           |
| 14.     | Uttur Co-operative Society.                   | 21-8-1919       | 171     | 4,405           |
| 15.     | Bhairewadi Urban Co-operative Credit Society. | 9-7-1921        | 86      | 2,665           |
| 16.     | Sohalebhag Co-operative Credit Society.       | 1-10-1927       | 163     | 4,783           |
| 17.     | Mendholibhag Co-operative Credit Society.     | 1-10-1927       | 116     | 2,633           |

TABLE - 3 : Dhanya Societies -

| Sr. No. | Name of the Society       | Foundation Date | Members | Working Capital |
|---------|---------------------------|-----------------|---------|-----------------|
| 1       | 2                         | 3               | 4       | 5               |
| 1.      | Belakewadi Dhanya Society | 27-10-1920      | 32      | 97              |
| 2.      | Shirasangi Dhanya Society | 3-2-1936        | 43      | 60              |
| 3.      | Sohola Dhanya Society     | 9-10-1935       | 58      | 121             |
| 4.      | Mendholi Dhanya Society   | 9-10-1920       | 39      | 81              |
| 5.      | Ite Dhanya Society        | 9-10-1920       | 34      | 102             |
| 6.      | Khanapur Dhanya Society   | 26-19-1920      | 24      | 104             |

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4) The Ichalkaranji Central Co-operative Bank Limited, Ichalkaranji -

With the growth and development of trade and commerce, the necessity of a bank became almost indispensable. Babasaheb rose to the occasion and took leading part for the establishment of ' The Ichalkaranji Central Co-operative Bank Limited, Ichalkaranji. <sup>20</sup>

" Initially, Babasaheb gave some money as a seed capital from the State coffers to the said bank in 1921." <sup>21</sup>

The bank became useful for the traders and industrialists, for meeting their commercial demands. In the year 1930, the bank was converted from ' The Ichalkaranji Central Co-operative Bank Ltd., Ichalkaranji ' to Central Co-operative Bank, Babasaheb had given  $\frac{1}{5}$  of the initial capital to the bank.

The bank had to shoulder both the responsibilities of providing the capital to the co-operative societies in the jagir as well as to undertake the development and growth of co-operative principles. It had to help the trade and commerce with required capital.

" Babasaheb Ghorpade had helped the bank as under :-

- 1) He bought the shares of Rs.5,000/-
- 2) He deposited the government money on different accounts in the bank.
- 3) He offered government land for the construction of the bank at minimum price etc." <sup>22</sup>

The condition of the bank's initial stage and its progressive development during the period from 1931 to 1941 is shown in the Table-4.

TABLE - 4 : The Ichalkaranji Central Co-operative Bank Limited, Ichalkaranji.

Statistical information showing the Progress of the Bank since its beginning (in the year, 1931) upto 1942.

| Year | 1       | 2             | 3        | 4        | 5        | 6               | 7      | 8        | 9    |
|------|---------|---------------|----------|----------|----------|-----------------|--------|----------|------|
|      | Members | Share Capital | Reserves | Deposits | Loans    | Working capital | Profit | Dividend |      |
|      |         | Rs            | Rs       | Rs       | Rs       | Rs              | Rs     | Rs       | %    |
| 1931 | 122     | 10,300        | Nil      | 97,160   | 66,160   | 1,08,720        | 412    |          | 7½ % |
| 1932 | 178     | 22,825        | 129      | 1,77,980 | 1,40,462 | 2,05,333        | 3,349  |          | 7½ % |
| 1933 | 227     | 24,575        | 1,753    | 2,18,303 | 1,58,813 | 2,55,367        | 3,627  |          | 7½ % |
| 1934 | 230     | 26,450        | 3,390    | 2,32,035 | 1,82,193 | 3,02,814        | 4,600  |          | 9 %  |
| 1935 | 249     | 27,850        | 5,170    | 2,44,507 | 1,76,976 | 3,21,636        | 3,535  |          | 7½ % |
| 1936 | 272     | 28,675        | 7,006    | 2,06,674 | 1,45,169 | 2,87,374        | 4,582  |          | 6 %  |
| 1937 | 296     | 29,125        | 9,711    | 2,10,595 | 1,42,130 | 2,94,534        | 5,345  |          | 6 %  |
| 1938 | 316     | 29,725        | 14,301   | 2,29,932 | 1,38,796 | 3,22,662        | 6,961  |          | 6 %  |
| 1939 | 330     | 30,200        | 19,326   | 2,69,828 | 1,28,946 | 3,65,566        | 5,824  |          | 6 %  |
| 1940 | 360     | 31,350        | 22,862   | 2,80,722 | 1,53,854 | 3,83,370        | 7,214  |          | 6 %  |
| 1941 | 382     | 31,950        | 28,444   | 2,57,136 | 1,25,988 | 3,64,255        | 5,037  |          | 6 %  |

In 1931, 122 members were there as share-holders; In 1936, the number of share holders rose to 272 and it became 382 in 1941. In this way the number of the share-holders went on increasing year after year.

The initial share capital of the bank in 1931 was rupees 10,300/- it became rupees 28,675/- in 1936 and in 1941 it rose to rupees 31,950. In this way the share capital always increased.

In 1931, there was no reserve fund. It became rupees 7,006/- in 1936. In 1941 it came to rupees 28,444. Thus the reserve fund increased.

Deposits in 1931, on different accounts, were rupees 97,160/-. It became rupees 2,06,675 in 1936. In 1941, deposits rose to rupees 2,57,136/-. 1936 onwards there was fluctuation in the amount of deposits. Some year it increased and some year it decreased.

In 1931 the bank had offered loans of rupees 66,160/-. In 1936 the amount of loans rose to rupees 1,45,169/-. And in 1941 it became rupees 1,25,988/-. The amount of loan had decreased 1936, onwards because share-holders appear to have become self-reliant.



Working capital always sent on increasing. Initially it was rupees 1,08,720. It rose of rupees 2,87,374/- in 1936 and it became rupees 3,64,255/- in 1941.

In the first phase of 1931 to 1936 profit was on the increase. In the first year it was rupees 412 and 6th year it became rupees 5,582/-. After 1936, profit fluctated from year to year, for example in 1936 it was rupees 4,582/-. it became rupees 5,385/- in 1937, rupees 5,824/- in 1939, rupees 7,214/- in 1940 and rupees 5,037/- in 1941.

For the first three years the bank gave the divident at the rate of  $7\frac{1}{2}$  % to its shareholders every year. In 1934 the divident percentage rose to 9 %. Then onwards it was always on the wane. It became 6 % in 1941. On the whole it appears that the bank was always on the path of progress.

Babasaheb helped the traders and industrialists by giving them different facilities. He did not impose any kind of direct or indirect tax upon them. He did not impose even excess profit tax. Was he not helping them indirectly, by the removal of taxation ?

✓ Babasaheb Ghorpade believed in consolidating the foundation of the industries in his State. He convened the

meeting of the industrialists and got to know their difficulties. He tried to solve them within his financial limitations. He was the protagonist behind the industrialists, who supported them in almost all aspects.<sup>25</sup>

The Vatan lands of the Mahars had gone under the control of the private bankers (Savakars). Babasaheb provided help in reinstating the ownership of the lands to the Mahars.<sup>26</sup>

When there was an epidemic of plague in Ichalkaranji, the Mahars lived in huts outsider the town of Ichalkaranji, the financial assistance for the construction of huts was given by Babasaheb.<sup>27</sup>

Inspite of the non-cooperation of the British officials, Babasaheb could make drastic economic changes in the state of ✓ Ichalkaranji. He brought glory and prosperity to the Ichalkaranji City. Babasaheb was instrumental in making Ichalkaranji 'The Manchester of Maharashtra'.

NOTES

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2. Author Anonymous, Shrimant Narayanrao Bahasaheb  
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edited by P.R.Ambike, 1942, p.29.
3. N.D.Tamhankar, Shrimant Narayanrao Babasaheb  
Ghorapade, Ichalkaranji, pp. 9,10.
4. Author Anonymous, op.cit, p.29.
5. N.D.Tamhankar, op.cit, p.79.
6. Ibid, p. 79.
7. Author anonymous, op.cit, p.31.
8. N.D.Tamhankar, op.cit, p.81.
9. Ibid, p.81.
10. Author Anonymous, Ichalkaranjichi Pannas  
Warshanchi Aoudhougic Pragatti, in Maha-Rashtra,  
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11. N.D.Tamhankar, op.cit, pp.81,82.
12. Author Anonymous op.cit, p.43.
13. N.D.Tamhankar op.cit, pp.82,83.
14. Author Anonymous op.cit, p.43.
15. N.D.Tamhankar, op.cit, p.83,84.
16. Ibid, p.84.
17. Ibid,p82
18. Ibid, p.85.
19. Author Anonymous, op.cit, p.47.
20. N.D.Tamhankar, op.cit, p.85.
21. Author Anonymous, op.cit, p.48.
22. Author Anonymous, po.cit, p.48.
23. Ibid, p.51.
24. N.D.Tamhankar, op.cit, p.86. .
25. Ibid, p.87.
26. Mahar Samaj, Ichalkarni, Manpatre, in  
Maha-Rashtra, edited by P.R.Ambike, 1942, p.159.
27. Ibid, p.159.