

**CHAPTER II**

**CO-OPERATIVE SOCIETY**

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### CO - OPERATIVE SOCIETY

The co-operative movement was first introduced in India with the establishment of co-operative credit societies as a remedy to solve the problem of rural indebtedness and to finance the farmers for their agricultural development. In the very first phase of the credit movement, the newly formed Primary Societies felt the need of a Central Agency, which may act as a central wheel co-ordinating their activities and assisting them financially and in various other ways for their smooth and rapid development. No proper financial provision was made in the first act of co-operative credit societies in 1904. " With the rapid growth of the number of societies the tentative management however, soon fell short and special urban banks were established in some provinces for financing co-operative societies. One such society being started in Bombay in the year 1906, under the name of the Bombay Urban Co-operative Society, with the lead given by the late Vithaldas Thackersey and late Sir Lalabhai Somaldas." " This co-operative credit society was started to provide capital for rural societies. Later the pioneers of urban credit societies conceived the ideas of starting banks, basically with the object of providing finance to

co-operative societies. One of the principle features of its constitution was to get guarantee by the Government of Bombay. " <sup>2</sup> After the considerable deliberations between the promoters and Government. The Bombay Central Co-operative Bank was registered on October 22, 1911. The Bank began its operations by taking over the loans allowed to societies in various districts by the Bombay Urban Co-operative Credit Society and also the Tagai loans of Government ( Under the Agriculturists Loan Act of 1884. ) in a group of 29 villages in the Nira Canal tract. <sup>3</sup>

There were after attempts were made to start District Central Bank in many districts. District Central Banks were founded in the early year in the districts i.e. Surat Branch, and Ahamednagar. In 1914 Maclagan Committee was appointed to take the stock of the situation. The report of this committee was treated as guideline for the development of co-operative credit structure and consequently district banks began to crop up since 1916. With the establishment of these district banks, direct financing by the Bombay. Central Bank was stopped in the districts having their own district banks. From 1920 number of district bank increased. The Apex Bank at the State level and district bank at district level came into existance to cater to the need of Urban and Rural Co-operative Societies.

The present structure of supplying agricultural finance to the farmers in India could be said to have began largely since the establishment of Agricultural Credit Department in the Reserve Bank of India in 1935.<sup>4</sup> The present co-operative agricultural credit society at the base. District Central Bank at the intermediate level and the State Co-operative Bank as the Apex.

**SATARA DISTRICT CENTRAL CO-OPERATIVE BANK UNDER THE  
LEADERSHIP OF KISAN VEER :-**

On 15th August, 1947 India was free from the British Rule. At that time the standard of living of the farmer was very poor. He was under the burden of loans of money lenders who were robbing the farmer. In this situation it was necessary to undertake the programme for the upliftment of farmer for which the leaders in the district thought that the co-operative movement is the only source for the purpose. Y.B. Chavan thought over the matter and decided to register a District Central Co-operative Bank in discussion with Jaisingrao Chavan, Kisan Veer, Balasaheb Desai and Raghunathrao Patil. Kisan Veer visited the villages and requested them to contribute initial share capital, because of it he could register the Bank. " North Satara District Central Co-operative Bank Limited, Satara. " established in

in 1949. " In the beginning its working capital was Rs.4.78 lakhs. This co-operative Bank due to the efforts of leaders like Kisan Veer, a staunch follower of Shri Y.B.Chavan flourished. Kisan Veer could be considered as a pioneer of Co-operation in Satara District."<sup>5</sup>

There was another bank in Phaltan Taluka which was working as Laxmi Central Co-operative Bank Ltd. This bank was financing the farmers in Phaltan Taluka. The situation demanded that there should be only one Central Co-operative Bank for the district and the policy of the Reserve Bank of India and Government of the Bombay was favourable in this regard. Due to the efforts made by Kisan Veer this bank ultimately was amalgamated in the " Satara District Central Co-operative Bank Ltd. Satara. " And this bank was registered on 15th August 1949. "<sup>6</sup>

The first election of the Board of Directors was held in the year 1957 and Raghunathrao Patil was elected as the Chairman and continued to remain in the office upto 1964. In 1967-68, there were 23 branches of the bank functioning throughout the district covering all the talukas of the district.<sup>7</sup>

" The main objects of the Satara District Central Co-operative Bank were as follows. "...

1. To finance co-operative societies, affiliated to it and to carry on banking business with such societies and public.

2. To estimate the credit of affiliated societies.
3. To act as a balancing centre for the surplus funds of the societies.
4. To develop the co-operative societies in the district.<sup>8</sup>

#### MEMBERSHIP

" All co-operative societies affiliated to the Bank and individual members as on 15th August, 1949 were considered as original members other societies and individuals in its area of operation may be admitted as member of the Bank by the Board of Directors. No individual would be admitted to the membership of the Bank without the previous permission of the Registrar. The Maharashtra State Co-operative Bank and the Zilla Parishad, Satara were also eligible for membership of bank. The person who were not members of Urban banks and societies were required to despend security of valuable finance against security of gold and old ornaments. Fixed Deposits, Government Securities, Debentures were to be admitted as the mominal members of the Bank and such nominated members did not have the right to vote or to participate in the management of the bank in the distribution of profit. However, they were permitted to attend the general mmmeting of the bank and express their views. "<sup>9</sup>

#### MANAGEMENT

The supreme authority of the bank was vested in general

Body consisting of representative from affiliated societies and delegates from the individual members of the bank. Each affiliated society, concept societies in the liquidation were to sent to the general meeting on of its representaives. Such representatives and delegates were not to be defaulters in societies concerned and in the district co-operative bank, and hence they were not entitled to vote on behalf of the society and the individual members in the General Meeting.<sup>10</sup>

#### BOARD OF DIRECTORS.

The business management and affairs of the bank were responsible to a Board of Directors which consisted of not more than 24 members as unders :-

- a) Not more than twelve 'Directors' representating agricultural credit multipurpose service co-operatives, forming societies of the eleven talukas in the district.
- b) One director each representating Urban co-operative banks and urban credit societies, co-operative marketing societies, Industrial and Weavers' co-operative societies, Agricultural processing co-operative societies, housing consumer, Irrigation societies, Dairy societies and individual share holders, societies.
- c) One nominee of the Apex bank.
- d) Assistant Registrar of co-operative societies will take charge as the nominee of the State Government in absence of the District Deputy Registrar.

- e) One representative of the Zilla Parishad.
- f) Two reserved seats for the employees.

The tenure of the office of the Board was of five years and election was held at the end of every five years. No representative of an affiliated society which had been classed as 'c' or 'D' at the least audit was be entitled to become a member of the Board of Directors. No member of the bank or an affiliated society was be eligible for election as a Director of the Bank, if he was in default to any society in respect of any dues from him either as a borrower or as a surety for such a period as is specified in this behalf.

**KISAN VEER : PRESIDENT OF DISTRICT CENTRAL**

**CO-OPERATIVE BANK**

Raghunathrao Patil from Karad was the chairman of District Central Co-operative bank for fifteen years since 1951. His tennure bank made progress. In 1965 workers of bank demanded for the increament. But due to the new appointment of S.B.Ghorpade, P.S.Pawar, J.B.Medasing, P.L.Karnataki as a manager, the demand of the worker was postponed.

" After the appointment of Tilave as a Manager, workers put their demand again. But management refused to sanction the demand, so workers decided to do work slowly. Management suspended R.G.Tawade, A.S.Khandagale and S.S.Deshmukh without any intimation from 21,January. On this day all workers of



bank went on stike. This strike continued for three months. On March 1966, Bank workers started their fast in front of the collector office. Kisan Veer played an important role in compromise. " <sup>11</sup>

In 1966 election was held. In this election Kisan Veer was elected from society electorate. He bacame the Chairman in December 1966. Bank workers had a sympathy with Kisan Veer.

Before Kisan Veer became the President there was the majority of the south Satara. Many officers and workers had thought to leave the service, because they feared that there would be internal struggle about working system. But it did not happen.

In annual meeting of Bank which was held on September 29, 1967, Kisan Veer put forth his ideas before Body of Directors. He said, " Development of agriculture and agriculturists is achieved by co-operatives institutions. All institutions will be ready to develop the all around propgress of the farmers. For this the officers of co-operative institution in district will be of good moral character, anticorruption and selfless. The agriculturist who is the member of co-operative institution takes loan from institution. He never uses it for the purpose for which he has taken. It will be controlled.

Chairman must inquire about the working of society and efforts of the workers for the development of the society.

The person would be punished if found corrupt. <sup>12</sup>

When Kisan Veer became the Chairman of the District Central Co-operative Bank it became a centre of political activities. The social and public problems would be discussed in the bank. Hence, it became an impressive centre of the district. Every leader could put the demands, plans of his village and region to which Kisan Veer gave full co-operation of the bank.

Kisan Veer thought that if co-operative societies or banks help agriculturist it would help in his development, he would be self-sufficient, he would have confidence in himself therefore, he would develop his agriculttture.

Thus the Satara District Central Co-operative Bank was special financing agency for co-operative societies and the individual farmer. " The chain of the integrated structure of co-operative credit, therefore, the Central Financing Agencies played not only a vital role but they were the pivotes and the fulcrum on which the structure mainly takes its comentum. " <sup>13</sup>

On September 29, 1970 conference of bank officers and workers was held. In this conference Kisan Veer said, " Loan lenders' must use loan for the purpose he took loan but it is not found. Very few agriculturist paid the loans. There must be modification, in those candidates who commit mistake in co-operative movement. They must be given support to person who works hard. " <sup>14</sup>

The conference of the bank officers was held on a day in every month. Kisan Veer used to attend it and discussed with them. The judgement of Kisan Veer was considered to be final judgement about matter of the Bank.

**PROGRESS OF THE BANK UNDER THE**  
**LEADERSHIP OF KISAN VEER.**

From 1966 to 1979 under the leadership of Kisan Veer in the Satara District Central Co-operative Bank has given a good account of itself both in securing the confidence of the public as reflected in their increasing value of deposits as well as increasing the space of the progress of the co-operative movement as reflected in the increased volume of advances to co-operatives as given in table. The overall development from 1968 to 1979 is given in the accompanying table.

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PROGRESS OF THE DISTRICT CENTRAL CO-OPERATIVE BANK.

DESCRIPTION	AT THE END OF JUNE 1968	AT THE END OF JUNE 1979
<u>1. MEMBERSHIP</u>		
a) of affiliated societies	1,086	1,334
b) of individuals	2,221	1,887
2. Paid up Capital	85.69	365.16
3. Working Capital	852.34	3,414.99
4. Deposits	528.07	2,386.99
5. No. of Affiliated agricultural Credit societies.	764.00	751.00
6. Advances to the agricultural societies	313.31	373.61

Note - Rupees in lakhs.

The progress of the Bank as indicated in the given table reveals that the bank was able to increase its paid up capital four times during the period accounted in the table. The bank executed the programmes for financing production activities and for the other co-operative activities contemplated in the national plan. " Today's development and

expansion of bank was the work of Late Kisan Veer, who had made various efforts for taking bank to the villages and providing financial facilities for the farmers in the district."<sup>16</sup>

When Kisan Veer was elected, the President of the District Central Co-operative Bank in 1967, he decided to establish a sugar factory known as " Satara Sahakari Sakhar Karkhana." By this he could again large number of agriculturist of six talukas together and inspire them in his new programme. Kisan Veer felt the need sugar factory as the only source for agricultural development. It was because of his efforts, that the proposal of sugar factory was finalised in 1969 and was established in 1970. Its first crushing season was held in 1970. Kisan Veer as a founder of the sugar factory also became the Chairman of sugar factory and remained Director throughout his life.<sup>17</sup>

The activities of the District Central co-operative Bank encouraged the people to start a number of new co-operative societies in various fields. The loan advanced to the agricultural societies were short termed and medium term loans. The medium term loans were advanced to the farmers to purchase cows and buffaloes in order to help them to have a supplementary income to improve their economic conditions. Such type of banking policy of Kisan Veer helped him to penetrate in the rural masses and carve a prominent place.

Kisan Veer was the main cause for the expansion of branches of the district areas. During his tenure of Presidentship of bank, he increased the number of branches from 21 to 66, which changed the shape of the bank.

Kisan Veer's nomination on State Co-operative Bank as Director helped in launching of two other sugar factories which saw its completion and crushing of the sugar cane. Kisan Veer went ahead in granting loans and also recovered the same within specific time proving to his critics they were wrong.

#### KISAN VEER AND SUGAR FACTORY.

" On May 22, 1968 the proposal of sugar factory was sent to Central Government, through the State Government. At that time Mr. Annasaheb Shinde was the State Minister of central agricultural department. On August 29, 1968 the sugar factory was sanctioned and Kisan Veer started to collect shares speedily. He took first share of Rs.1,000. Thus collected Rs.5 lakhs as share capital. The sugar factory was registered on October 1, 1968 as per S.A.T./ P.R.G./ (8) / 1." 18

" In collecting the shares Prataprao Bhosale, Rambhau Appaji Bhosale, Babasaheb Jadhav, Sarjerao Jadhav, Laxamanrao Jadhav, from Bhujinj, Vasanttrao Karandikar, Rambhau Bhoite from Medha, Dhumal from Sonake, Kisanrao Sabale, Lalasingrao Shinde from kudal, Madanrao Pisal from Bavadhan, K.B. Jamdade from Wai, Anandrao Phalke from Satararoad, Jijaba Jadhav from

Limb, Bhilare Guruji from Mahabaleswhwr, Shankarrao Gadhave and Bakajirao Patil from Khandala helped him. "<sup>19</sup>

The first conference of the promoters was held on October 22, 1968, Kisan Veer, Anandrao Phalke, Prataprao Bhosale, Kisanrao Sabale, Jijaba Jadhav, Dinkarrao Bhosale, Madanrao Pisal, Haribhau Dhumal, Kondiram Jamadade, Ramchandra Bhoite, Lalasing Shinde, Vasanttrao Karandikar, Krishnarao Pawar were included in first thirteen promoters.

Construction of sugar factory was completed in 1969-70, on January 15, 1971 test crushing season of Sugar Factory started in the presence of Shri Y.B.Chavan. In this year sugar facory produced 16,930 bags of sugar. On Sept.8, 1971 Kisan Veer was free from the post of Chairman of sugar facry and thus he gave more attention in the working of sugar factory.

By doing so Kisan Veer established a sound foundation for the political leadership of the congress party. This also initiated the scope for the emerging leadership of Satara district. Sugar factories in Maharashtra can be considered as a source of political power and it is due to these linkage the congress party in Satara District has its strong hold, credit of which has to be given to Kisan Veer.

In 1973, when Maharashtra was facing severe famine, in Satara District, Kisan Veer's efforts have been laudable. He sanctioned loans to the farmers, helped them in every respect to fight famine conditions.

" Today Satara District is leading district in agricultural production. Kisan Veer saw that irrigation projects were introduced and Satara District has been benefited largely because of the projects like Dhom and Kanher irrigation projects. Especially Satara Taluka, Koregaon Taluka, and Wai Taluka, have irrigated agriculture. Kisan Veer along with these various co-operatiive programmes saw the importance of also Dairy farming, poultries etc. allied to these projects. He sanctioned loans for purchase of cattle and as a result Satara District made remarkable progress in Dairy Farming today. " <sup>20</sup>

THE SATARA ZILLA KRISHI AUDYOGIK

SARVASEVA SAHAKARI SOCIETY.

The Satara District Co-operative purchase and sales Organisation was established on January 25, 1962 as a federal body of co-operative societies, and as a district agency to supply the agricultural inputs to the co-operative societies. It was also to act as a sole distributor of improved seeds fertilisers and mixed manure. It was also expected to act as an authorised agent of the State Government to procure the commodities under the state monopoly scheme.

It was converted itself into District Co-operative Society to play a more independent role in organising effectively the marketing system activities and other services to the co-operative sectors in this District . It seemed to act as a central agency in the district and now it can deal with any single co-operative in marketing and other business on its own initiative it can open new avenues of



marketing and service stations.

#### MEMBERSHIP

The membership of society was opened to all individuals, co-operative societies from the Satara district and to the State Government. In the year 1963-64, the total members were fifty one and during the year 1978-79, the number rose upto 124 .

#### MANAGEMENT

The Board of Directors consisting of seventeen Directors were as under :-

1. Five representatives of the Taluka Purchase and Sale Unions.
2. Five representatives of Primary Societies.
3. Two representatives of Dairy Societies.
4. One representative of Consumer Society.
5. One representative of Individual members.
6. One member of Scheduled castes Tribes or Nomedic tribes.
7. One representative of State Government.

The members of the Board of Directors except the Nominee of the financing agency and the State Government were elected members for the period of five years.

### ACTIVITIES

The society's main activities were to distribute the agricultural inputs like fertilisers and seeds. The society produce its own manure mixture under the trade name 'Daulat' since 1965. This mixture was very popular with the agriculturists in the District.

The society has been appointed as an authorised dealer for distribution of steel for agricultural quota by the Zilla Parishad and distribution of cement by the collector of Satara district. The society supplies agricultural implements spare parts to the agriculturist on behalf of the marketing federation against 'Tagai Loan' sanctioned by the Maharashtra State Co-operative Land Development Bank.

Prof. Dubal remarks about the society, " A co-operative society being both an economic and a social organisation is supposed to function successfully by allowing material benefits to the members without imparting its democratic character. For co-operation is basically a 'Peoples Movement' for their economic advancement. The State is to assist the movement by making suitable loans and statutes to develop it on a firm ground. In the developing countries especially in India, the States have entered into the co-operative movement as one of the partners. In many big societies and co-operative industries, the State Government has either purchased the shares or provided capital. "

The District Co-operative Organisations are federal and democratic in characters. A village co-operative is a primary association where in the village people join voluntarily and run the society. These primary societies in turn form taluka unions. This is an intermediary co-operative structure, which provide basic facilities and services to the primary societies. These primary and intermediary societies in order to implement bigger co-operative planning or to establish co-operative processing units need financial assistance and technical knowledge. The scattered individual societies with small resources make little impact on the economic and therefore, the federal agencies set the standard and appeal their members for development. " A federation is a central organisation owned and democratically controlled by the federating units for their benefit. It does not exist for its own sake but for rendering services to the federating Units. "

" Power in co-operative, if perceived as an additional credential to one's political career and if the power position in co-operative enhances the political leverage of a leader, the leadership process gets involved in group process which would impair the principle of collectivity. Groups are formed with some sort of affiliation of caste, class or political party, class and politics have posed some problems in co-operative and to some extent they have damaged the image of co-operative democracy. The leadership in village

co-operatives was the outcome of the group process with family and caste~~s~~ association. It was not an outcome of democratic process in real sense. " <sup>23</sup>

" Kisan Veer occupied the power position for longer period. He was also the Director of Satara Zilla Krishi Audyogic Sarva Sewa Sahakari Society and held the office since its inspection to 1979. Until his death, he was in the office for eitheteen years. This shows concentration of power in the hands of a single leader or one group points out the domination of Kisan Veer as a popular leader in Satara District. Kisan Veer on ~~occassions~~ was severally criticised by the opposition because of this. The legitimacy for co-operative Government lies in the will of certain individual and not in the majority will of the members. This has been put forth as 'Co-operative Oligarchy' which is termed as 'Co-operative barrons' with the seats of power in the district bank, sugar factory and Marketing Societies." <sup>24</sup>

" The co-operative movement started in the Satara district at the ~~beginnings~~ of the present century i.e. 1907. The first agricultural credit society was registered at the village Bothe in Man taluka in 1907. The principle of the movement gradually gained popularity with social workers and rural masses similar societies were registered in various parts of the district. " <sup>25</sup>

Today the movement has covered the entire district undertaking various socio-economic activities. Each talukas

in the district having marketing society, in all seven sugar factories have been registered in the district out of which five are actually functioning.

The Central over the co-operative Units vests much power and resources in the hands of the leaders. The co-operative sector has brought prosperity to the rural people. The co-operative movement has encouraged them to enter into other economic and agro-industrial production. The big and middle class of irrigated land owners have become quiet well-off, due to the assistance and facilities from the co-operative movement.

The socio-economic characteristics of the Satara District shows that leaders at the higher level mostly belong to the dominant Maratha caste with higher economic status. Kisan Veer was not a landlord nor having caste status and educational qualifications and yet he enjoyed the power in higher co-operative organisation.

Kisan Veer played an important role in the political, economic, social development of Satara district. Kisan Veer created various voter banks for the leadership of Y.B.Chavan. His leadership remained unchallenged upto his last because of his close association with Shri Y.B.Chavan. Co-operative movement ultimately has helped the dominant caste to retain its position as ' Feudal Lords ' to continue. This is one of the methods in Indian democracy. Its not worth while to

criticise this aspect, it would be better to democratise the co-operative movement which will largely depend upon the politically awareness of people concerned.

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