

CHAPTER - V

EVALUATION OF SHIVSADAN SOCIETY'S WORK IN RESPECT OF GOBAR GAS PLANT

For evaluation of the work done by Shivsadan Society in respect of Gobar Gas Plant thereby improving the rural life, the following parameters are used :

1. Quantum of work done,
2. Geographical spread,
3. Consistency in approach,
4. Service to the Customers,
5. Impact on rural life,
6. Operational aspects including operating results,
7. Number of Shareholders,
8. Financial Position, and
9. Overall achievement.

1) Quantum of Work Done :

Shivsadan Society started constructing biogas plants for its customers in the year 1974-75. Since then, in a period of the last 16 years ending 30th June, 1990, the Society constructed 9512 bio-gas plants for its individual as well as institutional customers. On an average Shivsadan Society has thus constructed about 600 bio-gas plants annually, with a range of 25 plants (in the year 1974-75) and 1565 plants (in the year 1984-85). On enquiry, it was found that these wide

variations occurred on account of orders received from Block Development Officers of Patan, Jawali, Karad and Mahabaleswar all these blocks (Talukas) being from Satara District. The plant construction activity used to go up with the orders from these blocks and it used to come down with less or no orders from these blocks. Incidentally, it is also noted that when the plant construction activity went up, Shivsadan Society has done less work in respect of pre-fabricated houses. For example, in 1983-84, Shivsadan Society completed 266 pre-fabricated houses and 706 gober-gas plants while in 1984-85 these numbers were 2 houses and 1565 plants. This phenomenon can be observed from the figures of the year 1977-78 and onwards. Shivsadan Society seems to be dependent for business on Block Development Officers. Instead, the Society should have given importance to creating own image in the rural area and made concerted efforts accordingly. The Society seems to have done nothing in this regard.

2) Geographical Spread :

As outlined previously, Shivsadan Society has constructed gober gas plants in 6 districts, viz., Sangli, Satara, Kolhapur, Solapur, Pune and Belgaum.

On the basis of the data for the recent 6 years, i.e., from the year 1984-85 to 1989-90 (both years inclusive), it is found that out of the total 6672 plants constructed by Shivsadan Society, 3435 plants or 51% of the total plants were

constructed in Satara District. Sangli District ranks second with 1893 plants or 28.4% of the total followed by Kolhapur District with 737 plants or 11% of the total. Solapur (6.4%), Belgaum (20%) and Pune (0.7%) constitute the remaining 9.1% of the total plants constructed by Shivsadan Society during the six years i.e., from the year 1984-85 to 1989-90.

Work done by Shivsadan Society in Satara District is noteworthy for one more reason. Satara District among all the six districts served by Shivsadan Society, is mostly a hilly tract and more than 50% of its Talukas receive heavy monsoon rains. Thus transportation of materials becomes very difficult during the monsoon season. The other five districts do not have such an adverse geo-climatic situation for Shivsadan Society to work.

Satara District ranks first taking more than 50% of Shivsadan Society's plants during the 6 years of this study. The main reason, as told by the Society's Officers, was in the response the Society received from the concerned Block Development Officers. Out of 3435 plants in Satara District, 1284 plants (37%) were constructed in Patan Taluka, 739 plants (22%) were in Jaoli Taluka and 653 plants (19%) were in Karad Taluka. Thus 78% of the Society's plants were constructed in these three Talukas only.

In Sangli District also, Tasgaon (526 plants/28%), Walwa (372 plants/20%), Khanapur (285 plants/15%) and Atapadi (245

plants/13%) were the main Talukas that benefitted to the maximum extent from the gas-plant construction activity of the Society.

In Kolhapur District, out of the total 737 plants that were constructed by Shivsadan Society in the six years of this study, 401 gober-gas-plant (54%) were constructed in Shirol Taluka alone. Hatkangale (138 plants/19%) and Gadhinglaj (120 plants/16%) were the other two major Talukas receiving noteworthy benefits from this activity of Shivsadan Society.

3) Consistency in Approach :

Shivsadan Society, forced by Government policy decisions then, had to start construction of gober-gas plants in the year 1974-75, in which year it also started construction and sale of latrines. Two years later, i.e., in the year 1976-77, Shivsadan Society started production of R.C.C. pipes. In the year 1975-76, the Society resumed its original activity of constructing pre-fabricated houses.

The wide variations in the activities like construction of pre-fabricated houses, gober-gas plants, latrines, RCC pipes etc., over the years of the working of Shivsadan Society (see Table 2.3), show that the Society could not keep the desired consistency in its approach.

4) Service to Customers :

Barring 3 (out of 100 interviewed) members who had some

complaints about the service given by Shivsadan Society, normally all the customers were satisfied about the Society's service. All these customers pointed out the punctuality of the Society's personnel and the quick response the customers received from the society on communication of the customer's requirements. Complaints of the 3 members were found to be of minor nature. In one case it was found that the complaint was the result of the lethargy on the part of the customer himself.

In the initial stage, Shivsadan Society had adopted KVIC Model with 7 capacity levels ranging from 1 Cu.M. to 10 Cu.M. In practice, Shivsadan Society, did not construct for any customer the plant of 1 Cu.M. This was because the 2 Cu.M. plant could be constructed with a little more expenditure (Rs.300) than the expenditure for 1 Cu.M. plant (see Table 2.2). In the year 1980-81, Shivsadan Society adopted its own model, (named as Janata Model, which could be constructed with less expenditure than that required for KVIC Model (see Table 2.2). In the year 1988-89, Shivsadan Society came out with another 1 and improved model, named as Krishna Model. Krishna Model had to be renamed as Janata. Model because of Janata Model's popularity. Shivsadan Society did this work of improving the Models for the benefit of the customers.

In short, performance of Shivsadan Society in respect of giving service to the customers was found to be very good.

5) Impact on Rural Life :

Impact on rural life has to be measured with the help of time saved by women folk in the rural area, clean surroundings and increase in income of the agriculturist via improvement in agricultural productivity.

This could happen only to those customers who have installed gobar-gas plants with or without the help of Shivsadan Society. Shivsadan Society's contribution in this regard can be said to be unique in the state of Maharashtra and also in India. This is said to be unique in the sense that Shivsadan Society is the only Society of its kind in the co-operative field doing this type of socially useful work. Similar type of Societies should have been established in other districts of the State and also in other States. That has, so far, not happened.

6) Operating Aspects and Operating Results :

As seen from Table 2.2., there are ups and downs in each and every activity of Shivsadan Society over the period of 21 years of its existence. Range, if used to gauge the variations in operating levels over the period of 21 years, shows wide variations in respect of almost all activities. This can be seen from the following :

Activity	Range	
	Minimum Level(Year)	Maximum Level(Year)
1. Prefabricated Houses (Number)	Zero(1974-75)	394(1976-77)
2. Biogas Plants(Number)	25(1974-75)	1565(1984-85)
3. Ready made Latrines(Number)	1(1974-75)	420(1987-88)
4. RCC Pipes(Feet)	9144(1983-84)	84827(1977-78)
5. Total Sales and Revenues (Rs. lakhs)	0.45(1969-70)	135(1984-85)
6. Net Profit(Rs. Lakhs)	0.03(1969-70)	1.30(1988-87)

Sales and revenues declined from Rs.17.67 lakh in the year 1977-78 to Rs.12.00 lakh in the year 1978-79 and further to Rs.10.78 lakh in 1979-80. In the year 1985-86, sales declined to Rs.87 lakh from the previous years' figure of Rs.135 lakh. Profits, however, do not show so many ups and downs. One important thing that must be noted is that Shivsadan Society never incurred a loss in any of the 21 years of its working.

7) Number of Shareholders :

Shivsadan Society, as per the provisions contained in its bye-laws, can give A-class membership to the individuals residing in Sangli District and B-class membership to the

Organisations. A member has to subscribe at least one share of Rs.1,000.

In the year 1969-70, Shivsadan Society had 38 members with a share-capital of Rs.38,000. The number of shareholder-members has increased consistently since then and it stood at 280 by the end of June, 1990. The amount of share-capital subscribed to by these shareholders amounted to Rs.4,90,000 as on that date.

Shivsadan Society seems to have paid less than adequate attention to broadening its shareholders' base.

8) Financial Position :

Following Table gives the Summary Balance Sheets for the years 1984-85 through 1988-89.

Table-5.1 : Summary Balance Sheets

(Figures in Rs. lakh)

Year	1984-85	1985-86	1986-87	1987-88	1988-89
<u>Particulars</u>					
Paid up Capital	2.88	2.96	4.20	4.35	4.90
Reserve and Other Funds	2.93	3.88	4.41	4.84	5.79
P & L Bal.	1.28	0.96	1.10	1.24	1.30
Own Funds	7.09	5.51	6.08	10.43	7.09
Borrowed Funds	9.01	11.50	21.28	22.21	35.39
Total Funds	16.10	19.31	30.99	32.64	47.39
Fixed Assets	22.99	29.51	40.13	44.33	43.16
Current Assets Less Current Liabilities	(6.89)	(10.20)	(9.14)	(11.69)	4.33
Total Assets	16.10	19.31	30.99	32.64	47.39

Following important observations may be noted :

- i) Borrowed funds are more than double the own funds for the years 1986-87 (219%), 1987-88 (213%) and 1988-89 (295%). In the year 1984-85, borrowed funds were 127% of the own funds and in the year 1985-86, this was 147%.
- ii) Net current assets show minus figures for the first 4 years, i.e., 1984-85 through 1987-88. Only during the last year, i.e., 1988-89, net current assets show a

positive figure. This means that Shivsadan Society, has borrowed more on short term than the gross value of its current assets during the first four years. This cannot be said to be a healthy financial practice. Even during the year 1988-89, Shivsadan Society has a net current assets figure of Rs.4.26 lakh against the gross current assets of Rs.66.40 lakh. If one calculates current ratio by dividing current assets by current liabilities, one would find that it works out to $(66.40/62.14=)1.07$. This ratio shows unsatisfactory position in respect of liquidity.

Both the above observations point out that Shivsadan Society should try to build its own funds by issue of shares and by creating more reserves. More reserves can only be created only if there are more profits. Share capital can be increased by broadening the shareholder's base. As seen already, Shivsadan Society has not paid adequate attention to the aspect of broadening the shareholders' base.

9) Overall Achievement :

Shivsadan Society, as seen earlier, is a unique organisation of its kind working in co-operative sector. If overall achievement of Shivsadan Society is to be taken as a parameter for evaluating its work in general and that in respect of gohar gas plant in particular, one must always keep in mind that it is a co-operative Society. Its limited number

of shareholders (280) as on 30th June, 1990) reflects badly on its co-operative character. Face value of a share of Shivsadan Society is Rs.1000 which is very high for a Society of this type; at the most it should have been Rs.100. Out of 12 directors, 9 are elected by these members. This could create problems in respect of monopolising the directors' positions and there would be vested interests created.

It is praiseworthy for Shivsadan Society that it has done some work of constructing pre-fabricated houses and gobargas plants in rural area of Sangli, Satara, Kolhapur and other districts. But when we find that Sangli District ranks second (the first being Satara) in respect of construction of gobargas plants, we feel uneasy. This uneasiness has its origin in the thought that Shisadan Society has its registered Office in Sangli. That Satara District ranks first on account of a positive response from the BDOs of certain Talukas in Satara District aggravates the uneasiness because Shivsadan Society relies heavily for its business on the outsiders. Within 21 years of its working, Shivsadan Society should have created its own image and an in-built mechanism of creating new business. This has not happend.

In the course of doing business, ups and downs take place in sales and profits. But the variations that have occurred in respect of the Society's activities like pre-fabricated houses, gobargas plants, latrines, RCC pipes etc.

are very wide. This raises two issues:

1. Shivsadan Society has not been doing its business for the last 21 years in a planned manner and with a consistent approach.
2. What is the capacity of Shivsadan Society in respect of each of the activities it undertakes? Answer to this question which cannot easily be found will lead to many basic issues of managing a society of this type.

Shivsadan Society also seems to be not following the required financial discipline. Even though the Society did not incur loss anytime during the long span of 21 years, it should have done its business with less of long-term and short-term borrowings. Its short-term liabilities exceed the limits prescribed for a normal financially healthy firm. Shivsadan Society should correct this situation immediately and it can do it by broadening its share capital base and retaining more profits in the form of reserves.