CHAPTER II

CO-OPERATIVE MOVEMENT - A HISTORICAL REVIEW

2.1 Introduction
2.2 Origin of Co-Operation
2.3 Meaning and Definitions of Co-Operation
2.4 Features of a Co-operative Society
2.5 Principle of Co-operation
2.6 The Co-Operative Movement in the World
2.7 Co-operative Movement in India
2.8 Co-Operative Movement in Maharashtra
2.9 Co-Operative Movement in Ahmednagar District
2.10 Origin of employee's co-operative societies
2.11 Special Circumstances of Salary Earners
2.12 Salient Features of Employee's Co-operative Credit Societies
2.13 Significance of ECCS
2.14 Organization and Management of Employees co-operative credit societies
2.15 Growths and Development
2.16 District wise ECCS development of ECCS in Maharashtra
2.17 Progress of ECCS in Maharashtra
2.18 Progress of ECCS in Ahmednagar District
2.19 Role of Ahmednagar District in ECCS Development in Maharashtra
2.20 Progress of Co-operative Societies and ECCS in Maharashtra and Ahmednagar District
Chapter II
CO-OPERATIVE MOVEMENT - A HISTORICAL REVIEW

2.1 INTRODUCTION:

Co-operation means working together for some common purpose. The principle of co-operation is as old as human society. It is truly the basis and social life. The word co-operation is quite familiar to common man. For him co-operation can be working together in any sphere of human activity. The teaching of co-operation can be traced in the writings of ancient philosophers such as Plato. The genesis of co-operative movement and its application in the economic field can be traced back the Industrial Revolution which took place in England during the second half of the eighteenth and first half of the nineteenth century. Co-operation is understood today as an economic system. It was born as a peaceful reaction against the mercantile economy and the effects of the Industrial revolution.

Co-operation is a world wide movement. It was introduced in India in the early years of 20th century in the wake of famines which had resulted in economic hardships and an alarming increase in the indebtedness of the farmers to the money lenders. Co-operative credit on easy terms appeared to the best means of getting the farmers out of the vicious circle of indebtedness and poverty. The idea was to free the farmers from the necessity of borrowing money on higher rate of interest from Savkars and village money lenders. Co-operative Societies Act, which was passed in 1904. It envisaged the formation of village credit societies. In 1912, the Act was amended to enable formation of other types of societies for activities relating to sale, purchase, production, housing etc. This act also provided for the creation of federation of primary societies and for supervision, audit, control, and overall development of the co-operative movement.
The most important aim of the co-operation movement is the promotion of the social for economic right of the people and that pursuit and achievement of this high aim requires active and concentrated efforts towards the realization of world peace. Co-operation does not aim at merely material benefit. It aims at material and moral gain, simultaneously to achieve both the economic and social betterment of its members. Co-operation is, thus, a social revolution of a fundamental nature.

Co-operative movement has made rapid strides and progress in India. The need for its expansion has grown tremendously. As such, it has been able to found a place in the five year plans of India. Now every sector of our economy needs to be run on co-operative lines. The government too has realized that it is through an efficient co-operative mechanism and developing the co-operative movement, the nation can achieve the desired goals as envisaged in the plans and the pledge to establish a co-operative common wealth in India.

2.2 ORIGIN OF CO-OPERATION

The term "co-operation" is derived from the Latin word Co-operari. "Co" means with and "operari "means to work. In other words, co-operation means working together with others for a common purpose. In its special sense, it means the system of people voluntarily associated, working together on terms of equality to eliminate their economic exploitation by middlemen such as money lenders, Jamindars and Mahajans, in respect of any economic need. The object of co-operating in this way is the economic and social betterment of persons who so cooperate. Co-operation helps these (weaker) persons to escape from such exploitation and enable them to become their own lenders or merchants or employers or traders. It helps them to gain the advantages of large-scale operation, while maintaining their independence.
In India, the principles of co-operation have been in vogue since early times. The spirit of village community life (viz. village Panchayat) was almost entirely co-operative. Throughout the age, village community worked together on an informal basis with regard to their religious, social, economic and cultural life. While tracing the history of co-operation in ancient India; Srivastav G.P. says, "Historically, speaking "Kula" was the first form of co-operative activity became the basis of ancient Indian Joint Family system.

The kautilya’s Arthashastra states “Whoever stays away from any kind of co-operative undertaking shall send his servants to carry the work, shall have a share in the expenditure but none in the profits.”

Kolangade (1958): Rig-Veda Darshan (Marathi) Pune p-132 realized the importance of co-operation among the people, when it exhorted them. The ancient Indian Scripture Rig Veda states:  

May you all have common purpose?

May your heart be in unison?

So that you can work well efficiently well?

Elsewhere, the religious institutions and traditional customs threw light on the instinct and tradition mutual assistance, joint action, joint possession and joint management which are found in the thinking and in the life of the people in all ages and in all countries. Ancient India had craft guilds, with banking a feature of their activities. "They referred to in Vedas, as well as in the Law of Manu".

2.3 MEANING AND DEFINITIONS OF CO-OPERATION:

It has not been possible to define the term ‘co-operation’ precisely because the movement was born out of adversity. The circumstances, which gave rise to
adversity, have, however, been different in different countries. Co-operation assumed, therefore diverse shapes in different countries according to the environment and circumstances prevailing there, which gave birth to the movement. Another difficulty also because of the fact that in some countries, cooperatives are state sponsored and partnered. In others, they are aided and controlled by the state. In yet others, they are either mere state departments or they are used as instruments of state planning. Different definitions have been given by different authorities in the context of the circumstances in which the movement took its birth, in respective countries.

According to Manfoozur Rahman, "Co-operation is a philosophy of life which can permeate every aspect of human activity. Co-operation in its simplest sense means working together. In the complex structure of modern society, co-operation has grown enormously like a tree with countless branches."  

Mr. Calvert H. defines it as "a form of organizations wherein the persons voluntarily associate together as human beings on a basis of equality, for the promotion of economic interest of themselves."  

Dr. C.R. Fay describes the co-operative society as, "association for the purpose of joint trading. Originating among the weak and conducted always in an unselfish spirit, such terms that all who are prepared to the degree in which they make use of their association."  

According to Paul Lambert, "a co-operation society is an enterprise formed and directed by an association of users, applying within it the rules of democracy and directly intended to serve both its own members and community as a whole."

The above definition shows the following distinct features: 1) an association of person usually of limited means, 2) Joining voluntarily together, 3) to achieve a common economic end, 4) controlled democratically, 5) members
contributing to the capital required equitably, accepting a fair share in both risks and the benefits of the undertaking.

The Maclagan committee in India (1950) describes co-operation as "the theory which maintains that an isolated and powerless man can by association advantage available to the wealthy and powerful person and thereby develops himself to the fullest extent of natural abilities".7

V. L. Mehta has defined co-operatives as 'only one aspect of the vast movement which promotes voluntary association of individuals having common needs who combine towards the achievement of common economic ends"8

According to Holyoake George Jacob, "Co-operation is the act of poor persons voluntarily united for utilizing reciprocally their own forces, resources or both under their mutual management to their common profit."9

Prof. Paul Lambert, in his renowned book, 'Studies in the social philosophy of co-operation' has given the following definition of co-operation. "A co-operative society is an enterprise formed and directed by an association of users, applying within it the rules of democracy and directly intended to serve both its own member and the community as a whole."

The International Labour Organization has defined co-operation as "an association of person usually of limited means who have voluntarily joined together to achieve a common end, through the formation of a democratically controlled business organization, making equitable contribution to the capital required, and accepting a fair share of the risks and the benefits of the undertaking."

Thus, Co-operatives are variously defined. Some definitions emphasize their 'non profit' character, some their patron ownership some their mutuality. A useful definition must be broad enough to encompass the scope of nation-wide co-operative activities. "A co-operative is a business, usually incorporated, owned by its member-patrons, organised and operated for the purpose of performing
specified services on a cost-of-doing-business basis”. Such a definition describes the various types of farmer co-operatives with which we concerned.

The phrase 'non-profit' is implied in the "cost – of – doing - business basis" Fundamentally the same in meaning, the terms differ in their use. All net earnings of true co-operatives are returned of allocated to member-patrons of the business, thereby eliminating the accumulation or existence of what in other types of business may refer to as business profits. Patronage of co-operative is, however, motivated by the desire to increase net earnings on the part of the individual member-patron. Co-operatives are aware of in accord with the profit motive in our capitalistic system. It is in their distribution of net earnings that they differ from other types of business organization. Because their earning is excess of costs are ultimately returned to member-patrons, it is entirely accurate to describe them as operating on a cost – of – doing – business basis.

2.4 FEATURES OF A CO-OPERATIVE SOCIETY:

A careful study of the many definitions quoted above reveals the following chief feature of a co-operative enterprise.

1. **An association of persons**- The chief feature of a co-operative society is that it is an association of persons and not an impersonal grouping of capital like a joint stock company. There is no denying that a co-operative society is also in need of capital, but the emphasis is on man and not on capital he contributes. In economic co-operation, it is men that count not money.

2. **It is a democratic organization**- A co-operative organization is governed on the basis of democratic principles. Every member of the society has only one vote and no more irrespective of the number shares held by him.

3. **The basis is equality**- Another feature of a co-operative enterprise is that membership relations between man and man are governed by a rule of
equality irrespective of possible difference of race, creed, political opinion, social status or subscriptions of capital, all the persons possess equal rights and duties. There can be no co-operation unless it is between equals.

4. **It is an undertaking**- A co-operative undertaking is not only an association it is also an undertaking. It is not a charitable or philanthropic association. Its own members, at their own risk, run a co-operative Enterprise.

5. **It is a voluntary organization**- A co-operative enterprise is based upon a voluntary form of organization. No one is coerced to join a society against his will. Coercion in any form is considered to be incompatible with the concept of co-operation.

6. **The keynote is service and not profit**- The keynote of a co-operative enterprise is service its whole business mechanism is graded towards the provision of most economical services.

7. **It is a socio-economic movement**- The co-operative movement is a socio-economic movement. It aims at bringing about revolutionary changes in the social and economic structure by peaceful means. It is based on self-help and stands for moral uplift and honesty.

8. **At the service of the members and of the community**- The basis of an undertaking is not only to serve its members, but also to serve the community as a whole.

### 2.5 PRINCIPLES OF CO-OPERATION:

"The co-operative principles are guidelines by which cooperatives put their values into practice". For a clear understanding of the co-operative ideology and to differentiate it from other business enterprises, the founding father of the co-operative movement laid down some definite principles, which were expected to serve as guide-posts for the future development of the co-operative movement.
According to W.P. Walkins, “Co-operative principles are the ideas inherent in the co-operation which determine that it is as a mode of action. They are ideas which it is the purpose of co-operative activity to release.”

Mr. George Davidovic is a leading Canadian authority on cooperative, defines the principles as “A set of rules which governs the life and activity of cooperative organization.” In the opinion of Prof. D.G. Karve, “Co-operative principle is a way of organizing and conducting a co-operative activity which is an inherent and indispensable corollary of the ideal or the objective of the co-operative movement.”

Originally, the co-operative principles forming the basis of individual co-operative systems have not been expressed in a formal way. They have been simply included in the rules of co-operative constituting each of the three systems viz. the Rochdale Pioneers, Friedrich Raifeisen and Harmann Schulze Delitzch. The careful analysis of the three namely voluntary association of people having common needs and interest; the improvement of economic and social status of the co-operative members by means of common enterprise: the democratic management of co-operative associations expressed by the rule of one man-one vote: the independence of the cooperatives from political and religious influence and lastly, the manifestation of the educational and moral tendencies. In the course of co-operative development, these principles came to be widely known as the Rochdale principles because they have been expressed most clearly and vividly be the Rochdale Co-operative system. These Rochdale principles in their widest accepted form are enumerated as under:

1. Principle of Universality
2. Principle of Liberty and Volition
3. Principle of Democracy
4. Principle of Equity and Distributive Justice
5. Principle of Economy
6. Principle of neutrality
7. Principle of Publicity
8. Principle of Unity
9. Promotion of Education

These broad and general principles of co-operation, however, did not imply all co-operatives to adhere and practice at all times and at all places. But with the establishment of International Co-operative Alliance (ICA) in 1985 the need for codifying the principle for the purpose of affiliating the co-operative institutions functioning under varied socio-economic and political setting, has become urgent. As a consequence, in 1937, ICA congress held in Paris, where the following principles were devised.

A) **Primary Principles:**
   1. Open Membership
   2. Democratic Control.
   3. Patronage Dividend.
   4. Limited Interest on capital.

B) **Secondary Principles:**
   1. Political and Religious Neutrality.
   2. Cash Trading.
   3. Promotion of Education.

In the light of this classification, it was decided that the application of secondary principles was important that, their adoption was not essential for acquiring ICA membership. Further in the view of the changes of the socio-economic and political conditions of various nations as well as development that
have occurred in technology and management, it was considered essential to formulate the principles of co-operation and as a result ICA appointed a commission on co-operative principles in 1964. The commission has designed the principles as:

1. Member of co-operative society should be voluntary and available without artificial restriction of any social, political or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership.

2. Co-operative societies are democratic organizations. Their affairs administered by persons elected or appointed in a manner agreed by the membership and accountable to them. Members of primary societies should enjoy equal right of voting (one member, one vote) and participation in decisions affecting their societies.

3. Share capital should only receive a strictly limited rate of interest, if any.

4. Surplus or saving, if any, arising out of the operations of the society belong to the member of that society and should be distributed in such a manner as would avoid one member gaining at the expenses of the others.
   i) By provision of common service; or
   ii) By distribution among the members in proportion to their transactions with the society.

5. All co-operative societies should make a provision for the education of their members, officers, employees’ and the general public in the principles and techniques of co-operation both economic and democratic.

6. Principle of growth and mutual co-operative organizations should actively watch the interest of their members, all co-operative organizations should actively co-operate in every practical way with other co-operative organizations actively at international levels.
The commission also observed that these principles from a system and therefore are inseparable. Since they support and reinforce one another, they should be adhered entirely to all the co-operatives. Commission also remarked that these principles are not confined only to the primary societies, rather they should also be observed by the secondary institutions with suitable modifications.

**Rochdale Principles**
1. Voluntary and open membership.
2. Democratic control by "one member, one vote".
3. Division of surplus in proportion to patronage.
4. Limited interest on capital.
5. Political and religious neutrality.
6. Cash trading.
7. Promotion of education.

**Raifeisen Principles**
1. Self-help without exclusion of state help provided operative Independence is preserved.
2. Limited area (Parish or village)
3. Allocation of the entire surplus to individual reserves.
4. Membership without subscription of shares.
5. Unlimited liability of members.
6. Limitations of the business to members only.
7. Voluntary work by board members.

**Schulze-Delitzch Principles**
1. Self-help with exclusion of any outside help, private or public.
2. Large territory of operation.
3. Division of surplus in promotion of operation.
4. High interest on shares to attract large subscription of shares.
5. Limited liability of members (originally unlimited)
7. Allocation of 10% of surplus to reserves

The principles of co-operation have changed from time to time to suit the changing environment and situation so that co-operative movement may become more meaningful and purposeful. The modern formal co-operative movement dates from 1844 when 28 poor weavers of Rochdale, came together and opened a small co-operative retail shop. The adopted a set of rules which even today effectively guides the philosophy and conduct of co-operative societies all over the world.

The commission on co-operative principles appointed by the international co-operative alliance in 1964 in its report published in 1966 considered the following principles as essential to genuine and effective co-operative practice.\(^\text{15}\)

1. Voluntary and open membership
2. Democratic management
3. Limited interest on capital
4. Patronage dividend in proportion of members transaction
5. Education and training
6. Co-operation within co-operation

There have also been other principles like the principles of political neutrality, correct weight and measures, purity of goods and thrift, which were also taken into consideration. These principles have been reformulated recently by the Manchester Congress in 1995 and now the principles of co-operation are as follow-

1. Voluntary and open membership
2. Democratic member control
3. Member economic participation

4. Autonomy and independence

5. Education, training and information

6. Concern for community

   The seventh principle was added at the Manchester Congress of 1955.

1) **Voluntary and open membership**

   The co-operatives are voluntary organizations and are open to all persons and also able use their services and willing to accept the responsibilities of membership, without a gender, social, cultural, political or religious discrimination.

2) **Democratic member control**

   The Co-operatives are democratic organizations controlled by their members, who actively participate in the setting of their policies and in making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote), and cooperatives at other levels are also organized in a democratic manner.

3) **Member economic participation**

   The Members contribute equitably and democratically to control the capital of their co-operative. At least a part of that capital is usually the common property of the co-operative. The members usually receive limited compensation, if any, on capital subscribed: benefiting members in proportion to their transaction with the co-operative and supporting other activities approved by the membership.
4) **Autonomy and independence**

The Co-operatives are autonomous and are self-help organizations, controlled by their or raise capital from external sources, they do so on the terms that ensure democratic control by their member and maintain their co-operative autonomy.

5) **Education, training and information**

The Co-operatives provide education and training for their members, representatives, managers and employees’ so that they can contribute effectively to the development of their cooperative.

6) **Co-operation among cooperatives**

The Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.

7) **Concern for the community**:

The Co-operatives work for the sustainable development of their communities through policies approved by their members.

The impending doom of the 21st century assumes a greater significance in every field of activity than the previous ones. At the present juncture, there is crisis everywhere making one realize that the 20th century has been the century of crisis. There is crisis in credibility, crisis in management and crises of ideologies. All the more serious is the crisis in morals and culture, warning of the impending doom of mankind. The only solution lies in salvation and reviving a value system in economic activities.

As a corollary, co-operation being an economic activity needs new blood in the form of values. Against the backdrop, the principles of co-operation reformulated at I.C.A. congress at Manchester based on co-operative values, assume, a lot of significance. The I.C.A. has referred to the value of self-help,
democracy, equality and solidarity. Prof. Jha asserts that “Mutuality” is the value, which encompasses all other values, self-help and mutual help in the basic tenet of co-operation distinguishing its identity from other forms of business.

The foregoing discussion on morality might have become redundant had the co-operative lived up to the true spirit of co-operation as envisaged by the early cooperators and co-operative thinkers. As times have brought the movement to such a state, the present situation warrants a complete turn-about so as to rejuvenate the movement to enable it to march ahead with its head high. A lot depend on the determination and strong will of the men behind the movement rather than on the reformulation of the principles.

2.6 THE CO-OPERATIVE MOVEMENT IN THE WORLD:

The Modern Co-operative movement is an organized for as a world movement emerged in the middle of the 19th Century. When men and women combined to find out an alternative to replace the exploitative tendencies and cut throat competition unleashed by industrial revolution. As a result against the new capitalistic order based on the doctrine of individualism socialist ideas began to develop in this period Robert Owen. Karl Marx and other opposed capitalism and competitive system. They opposed capitalism not only on the grounds of its injustice and inefficiency but also because of its ill-effects on human character and helplessness. They sought to create a new social moral world favorable to the promotion of good character and human happiness.

To study the co-operative movement in the world perspective, it would be important to make a study of countries like England and Germany, because these are the two countries where the co-operative movement started for the first time in the world.
2.6.1 Co-operative movement in England

England, the birthplace of many new things, was also responsible for presenting the co-operative movement to the world as an alternative philosophy to trade unionism, for fighting against capitalistic exploitation.

In 1844, a group of 28 weavers met in the Chartist Hall in Rochdale town, and decided to establish a co-operative store. The members of this store would purchase their requirements collectively to economize on their expenditure, for they know that it would be difficult for them to get a raise in their wages. They were greatly influenced by the writings of Robert Owen, Dr. William King and William Thompson.

In England, the 1840's were known as the period of the 'hungry forties'. In Rochdale, the conditions in the woolen and cotton milling town in Lancashire Hills, England, were the worst. In 1844, the weavers set up the Rochdale Equitable Pioneer Society with an initial capital of 28 and registered it under the friendly Society Act. It was a consumer co-operative, which bought daily necessities such as candles, tea butter, soap etc. in bulk and sold them to consumers at reasonable prices. The system grew to make profits and in 1988, it had 1123 stores and declared 25 lacks as a profit.16

Objectives of Rochdale Model

1. To take up production and distribution of the commodities required by the members.
2. To make available houses to its members, to improve their living conditions and to better their status.
3. To meet the clothing requirements of its members.
4. To arrange for education of its members.
5. To manufacture articles, so as to generate employment for its members.
2.6.2 Co-Operative Movement in Germany

The co-operative credit movement in the world started in Germany. Intolerable adverse conditions for the poor in the country led to the growth of a new economic organization known as the 'Co-operative Credit Society'. The emergence of the co-operative was done by two great men Raiffeisen and Schulze.

In Germany, in the middle of the 19th century, the life of an average German was miserable, both in the villages and towns. In rural areas, the Jews controlled and regulated the economic activities of many people. They purchased the small surplus of goods produced by the farmers by paying them very low prices and sold them at very high prices. The economic condition of the villagers went on deteriorating day after day. They had to borrow money from the Jews at exorbitant rates of interest.

H. F. W. Raiffeisen (1818-1888) was an official, holding the position of a committee' which would make bread for the poor. He set up a credit society based on the principle of 'Each for All, All for Each'.

2.6.3 Co-Operative Movement in Sweden

The co-operative movement in Sweden has made a considerable progress, especially in the areas of consumers, farmers and dairy co-operatives. The birth of consumer co-operatives in Sweden for the first time happened in the year 1850. Earlier, Sweden was an agriculture based economy. But later as the attention shifted towards industry, farmers became workers. The workers in the industry needed consumer goods for their daily living. The traders noticing this fixed their prices at very high rates. They started exploiting the workers for various consumer goods in the form of high prices and other unscrupulous practices. Thus, the workers decided to organize themselves in order to put a stop to this exploitation. Thus, the first consumer co-operative society was formed and
named as 'Direct Commodity Building Company'. Today, consumers’ co-operatives are very popular and play a vital role in providing the people with their daily necessities.

After the success of the consumer co-operatives, there was a need to form a society in order to supply the primary societies with goods and commodities at wholesale rates. The first such society was framed in 1899 and named as 'Swedish Co-operative Union'. Popularly known as KF. Today, KF is successful in supplying commodities and goods to most of the primary co-operative societies. The KF maintains stocks in regional warehouses in 22 places, located all over the country near rail yards to facilitate transport. Today, KF is not only supplying goods to the societies by purchasing them, but also has bought various factories and processing units for different commodities so as to ensure good quality products at low cost. The co-operative dairies constitute the largest industry of the country.

2.6.4 Co-Operative Movement in Israel

The co-operative movement in Israel started with the agricultural co-operatives. The Co-operatives alone cover about 58% of the agricultural income. In Israel, there are different types of agricultural co-operative which have evolved over the years considering the defects and drawbacks of the previous ones. 18 the different types of agricultural co-operatives are in Israel:

1. **KIBBUTZ**

This is the oldest type of agricultural co-operative which involved a community system of functioning. Kibbutz can be defined as 'a voluntary commune, established on national land, whose members practice self-labour and where all the means of production, consumption, education, health and municipal activities are owned and maintained collectively on the basis of equality by the society'.
2. MOSHAVSHITUTI

This type of co-operative also involves carrying out farming and other allied activities together, but the members are housed in their own private home and live a separate life unlike in the case of the kibbutz. The settlement provides a home and other general amenities but the rest of the daily requirements are to be satisfied individually. The members collectively work on the farm, and in return receive and equal share from the income of the society which is used for the daily consumption.

3. MOSHA VOVDIM

This was formed mainly due to the dissatisfaction among some people who did not like the concept of kibbutz, which involved complete socialization. The first Moshav Ovoid was founded in 1921, at Nahalal. The society takes the land on lease from the government of the Jewish National fund and cultivates it with the help of the members and their families. The society also supplies various other farm requirements such as seeds, fertilizers, tools and implements etc. 19

2.7 CO-OPERATIVE MOVEMENT IN INDIA:

India has the unique distinction of organizing the first ever co-operative movement in human history. It was termed as 'Yangon' The Dharma which sustained the Bharatiya Society enabled our ancestors at one stage, to evolve a stateless society comprising of various mutually co-operative 'self organizations'. A mention about the co-operatives has been made in the Rig Veda. The temples of South India were managed thought co-operatives in the 18th century. Our culture of joint family system also speaks of how co-operation can be used as a tool to come together for a common cause. The self-sustained model of rural development of Coimbatore in Tamil Nadu by the Chettiar community (joint family system) for
textile development is even today, a standing example of the co-operative movement. The idea of co-operation or inter dependence in India is not entirely 'a new device'.

A number of devoted social activists inspired people towards the spirit of co-operation. Shir Laxmanrao Inamdar was one such activist who dedicated his life to the cause of co-operation. He believed that co-operative efforts if properly organized, alone can lead the nation to its ultimate triumph. The pioneers of the movement among others are: Shir Lallubhai Samaldas, Shir Gopal Krishana Pantulu, Shir Vithaldas Thakersey, Shir V. L. Metha and Shir D. R. Gadgil.

It is interesting to note that while the British rulers were interested in introducing and promoting the co-operative movement for their own benefit, the initiative was taken by the public-spirited citizens of a princely state ruled by the enlightened Gaikwads. The anonya Sahakari Mandal Co-operative Bank, Baroda was established on co-operative principles in 1889. It was registered as a co-operative society in 1912. At Jambusar Broach District, the Jambusar People's co-operative Bank was established in 1909. Three years after Baroda movement that is in 1892, a co-operative society was formed by Man Hira Singh, a lambardar from Panjawar village in Hoshiarpur district of Punjab. In 1901, the Famine Commission recommended that village credit societies should be started. In 1903, a co-operative union was established in Calcutta. The Triplicane Urban Co-operative society was started in Madras in 1904, and they started a consumer store on the principles of Rochdale movement. Co-operation occupies an important place in the Indian economy. Perhaps no other country in the world is the co-operative movement as large and as diverse as it is India. There is almost no sector left untouched by the co-operative movement.

The Indian Government initiated the Indian co-operative movement. It spread and diversified with the encouragement and support of the government. Its present condition is also a great extent because of the intrusive involvement of,
and interference by the government. The progress of Co-operative movement in India in modern times is generally grouped in the following phases.\footnote{31}

**The First phase: 1900-1930**

By the beginning of the 20\textsuperscript{th} Century, officials of the colonial government perceived the Indian farmers' dependence on usurious money lenders to be a major cause of their indebtedness and poverty. At that time the co-operative movement had become well established in Europe and achieved remarkable success there. The co-operative movement offered the best means of liberating Indian farmers from the crushing burden of debt and the tyranny of money lenders. Indian officials began to take active interest in promoting credit cooperatives in the country. Co-operative Movement in India had its birth in the year 1904 with the passing of the Co-operative societies Act. The activities started with the establishment of primary credit co-operatives, whose main function was to help small farmers with loans, instead of their being exploited by the money lenders.

The passage of the Co-operative credit Societies Act in 1904, and the enactment of a more comprehensive Co-operative Society Act in 1912 marked the beginning of a government policy of active encouragement and promotion of cooperatives. As the act of 1904 had various loopholes, it was not of much benefit to the people. Considering the various defects in the earlier Act, and studying the needs of the people, the new act was formulated in 1912. This Act not only focused on the credit aspect of co-operatives, but all the other functions which a co-operative could carry out. It gave a board layout for formation of all types of co-operative from agricultural to industrial and from credit to consumer. This thinking gained wide acceptance and was adopted as a policy by provincial governments and thereafter, "Co-operation" became a provincial subject in 1919. The persistence of government interest in cooperatives and the importance attached to them was reflected in the government interest in cooperatives and the
importance attached to them was reflected in the appointment of three different Committees to review their growth and functioning.

The classic study by Fredric Nicholson, followed by the Edward Law Committee on Co-operative Legislation, confirmed and reiterated the need for the state to actively promote cooperatives. A debate later, the Maclagan Committee (1915) advocated that “there should be one co-operative for every village and every village should be covered by a cooperative”. The Royal commission on Agriculture in India, which submitted its report in 1928, suggested among other things, that the co-operative movement should continue to focus on expanding rural credit and that the State should patronize cooperatives and project the sector.

It was the Royal commission which made the observation “If co-operation fails, there will fail the best hope of rural India.” by this time, the state was already deeply involved in promoting agricultural credit cooperatives. The number of societies reached impressive proportions and diversified their activities well beyond agricultural credit. Debates centered on whether or not each village should have a co-operative and whether there should be a single purpose or a multi-purpose co-operative at the village level.

**The Second Phase: 1930-1950**

Reserve Bank of India was created in 1934. In 1935, a Rural Credit Department was created in the bank, which gave a new life to the co-operative movement. The major development during this phase was the role played by the Reserve Bank of India (RBI). It is very statute of incorporation. Specific provisions were made in the Reserve Bank of India Act, 1934 both for the establishment of an Agricultural Credit Department (ACD) in the bank and for extending refinance facilities to the co-operative credit system. Emphasis was laid on setting up, strengthening and promoting financially viable provincial co-operative banks, central co-operative banks, marketing societies and primary agricultural credit societies in each province. The RBI, since 1942, also started
extending credit facilities to provincial co-operative banks for seasonal agricultural operations and marketing of crops.

The government policy during these phases was not as pro-active on promoting cooperatives as before. A large number of cooperatives were found to be saddled with the problem of frozen assets, because of heavy overdoes in repayment. The sub-committee's recommendation that the frozen of assets of the members of such co-operative be liquidates, by adjusting the claims of the society to the repaying capacity of the members, market the beginning of state interference in the management of co-operatives and the consequent erosion in the credit discipline of the members. The co-operative planning committee identified the small size of the primary co-operative as the principal cause of failure. It also advocated State protection to the co-operative sector from competition.

The Third Phase: 1950-1990

After Independence rapid and equitable economic development became the central focus of state policy. The Cooperatives in general and rural financial cooperatives in particular, were once again on centre stage taking cognizance of the weakness of the state partnership in terms of equity, but also partnership in terms of governance and management. Other recommendations included linking credit and marketing co-operatives and enlarging their area of operation. The recommendations of the AIRCS stopped just short of the Government running the co-operatives and paved the way for its direct intrusion in the governance and management of cooperatives.

State policy came to be premised on the view that the government should ensure adequate supply of cheap institutional credit to rural areas through co-operatives. The thinking was that if the institutions that were meant to deliver such cheap institutional credit failed, there either had to be reorganization of existing institutions, or creation of new type of institutions that were meant to deliver such cheap institutional credit failed, there either had to be reorganization of existing
institutions, of creation of new type of institution. The Hazari committee recommended integration of short term and long-term structures. The Bawa committee (1971) recommended setting up Large Multi-purpose Cooperatives in tribal areas. Service co-operative Societies with Agriculture (1767) recommended setting up Farmers Service Co-operative Societies with the active collaboration of the nationalized banks. NABARD was created on the recommendation of CRAFTICARD (Silverman committee 1981). The State's heightened interest in and concern for the performance of co-operative in the county was obvious. The focus, however, was on expanding and reorganizing the State supported structure, without addressing the tasks of restoring and strengthening autonomy, mutual help and self-governance that are the cornerstones of genuine cooperatives.

The state gave primacy to co-operatives as the sole means of delivering institutional credit to rural areas and injected large and increasing amounts of funds directly. Upper tier co-operative banks were encouraged to accept public deposits and borrow from other financial institutions. However, the system was soon found to be burdened by growing overdose. In keeping with the national priority of financing the rural sector adequately, the involvement of commercial banks was first suggested as a social control measure. The involvement of commercial banks, thereafter, institutionalized through the nationalization of major commercial banks in 1969. During the post-nationalizations period, there was an unprecedented penetration of commercial banks in the rural sector. This trend, however, was accompanied by a rigid policy directives right down to the micro level on cost of credit, purposes, categories of borrowers., geographical areas etc.

As the financial involvement of the government in cooperatives increased, its interference in all aspects of the functioning of cooperatives also increased. The consequent interference with the functioning of the co-operative institutions, often
compelling them to compromise on the usual norms for credit worthiness, ultimately began to affect the quality of the portfolio of the cooperatives.

Instead of tackling the root cause of their weaknesses, the state took responsibility for strengthening the institutions, by infusing additional capital and "professional" workforce. Both the state and the workforces then began to behave like "patrons", rather than as providers of financial services. Whenever any professional organization is in trouble, it usually finds its own solution by re-negotiating the term with its financiers and re-visiting its operating strategies. However, in the case of the rural financial institutions, the state has always provided a "solution", irrespective of the need of the recipient organization, thereby doing the role of a "patron"

In due course, political expediency also led to laxity in ensuring equality of credit and its repayment. The Government of India 1989 scheme for writing off loans of farmers greatly aggravated the already weak credit discipline in the co-operative system and led to the erosion of its financial health. It also set up an unhealthy precedent and spawned a series of schemes by the state Governments, announcing waivers of various magnitudes, ranging from interest write off to partial loan write offs. The competitive populism adopted by the political class has severely impaired the credibility and health of the co-operative structure.

The State has used co-operatives to channel its development schemes, particularly subsidy-based programme for the poor. As these institutions have a wide reach in the rural areas and also deal with finances, the choice was natural. The trend, however, also made cooperatives a conduit for distributing political patronage. This and the sheer magnitude of resources and benefits channeled through the societies, make control of decision-making and management attractive to parties in power, for accommodating their members, to influence decisions through directives, and individual politicians to be on the management boards of the cooperatives.
The concerns about these trends and the need to overcome them began to be voiced around this time. The Agriculture credit Review Committee (Khusro Committee, 1989) for the first time, talked of the importance of encouraging members’ thrift and savings for the cooperatives. It also emphasized the need for better business planning at the local level and for strategies to enable co-operatives to self-sustaining. To this end, the committee was also in favor of serving non-members. It made business sense. In a sense, there were larger macros economic changes on the anvil in the economy. The 1990s witnessed more concerted attempts both by the government and by non-official organizations and cooperators, to explore ways to revitalizing the co-operatives.25

The Forth Phase: 1990s and Onwards

During the last fifteen years, there has been an increasing realization of the destructive effects of the role of co-operatives in general, and of credit co-operatives in particular, leading to a quest for reviving and revitalizing the co-operative movement.

Several committees (notably those headed by Chaudhary Brahm Perkash, Jagdish Kapoor, Vikhe Patil and V S. Vyas) were set up to suggest co-operative sector reforms during this period. The Brahm Perkash Committee emphasized the need to make co-operatives self-reliant, autonomous and fully democratic institution and purposed a model Law. The subsequent committees have all endorsed this recommendation and strongly supported replacing existing laws with the purposed modal law. They have also recommended revamping and streamlining the regulation and supervision mechanism, introducing prudential norms and bringing co-operative banks fully under the ambit of the Banking Regulation Act, 1949. To facilitate the implementation of these reforms, they purposed that governments provide viable co-operative credit institutions with financial assistance for recapitalization.
Progress in implementing these suggestions has been very tardy because of the state’s unwillingness to share in cost and their reluctant to dilute their powers and to cede regulatory power to the Reserve Bank of India (RBI). The passes of mutually Aided co-operative Societies Act by the Andhra Pradesh government in 1995, however, marked a significant step towards reform. Following the example of Andhra Pradesh, eight other States (Viz., Bihar, Chhattisgarh, Jammu and Kashmir, Jharkhand, Karnataka, Madhya Pradesh, Orissa and Uttarakhand) have passed similar legislation to govern and regulate mutually aided cooperatives.

In all cases these new laws provide for co-operative to be democratic, self-reliant and member-centric, without any state involvement or financial support. They provide for cooperatives registered under the old law to migrate to the new Act. The old Acts were not too repealed, nor was there any serious effort to encourage and facilitate the conversion of old cooperatives to come within the purview of the new Act. Most existing cooperatives, therefore, continued to adhere to the old law.

The new law however, did lead to the emergence of a "new generation autonomous financial cooperatives", albeit slowly and unevenly across the country. Up, the conversion from the old law to the new Act has largely been in the arena of commodity cooperatives. The reason for the slow pace at which both credit cooperatives and the primary agricultural credit societies (PACS) are adopting the new law is largely because they are not eligible for refinance under the existing legal and structural arrangements.

These developments have not made much of an impact on the way cooperatives function. The movement has continued to deteriorated and reached the point that necessitated the appointment of the present Task Force, Which has entrusted with the task of coming up with an implementation able action plan for carrying the reforms forward. A network of primary agricultural co-operatives has
been established at the village level for granting short-term and medium-term credit, supply of agricultural inputs and essential consumer commodities to the small farmers. In order to supply fertilizers to farmers the Indian Farmers Fertilizer Co-operative Limited (IFFCO) was established for the manufacturing of fertilizers like, Urea and NPK mixtures and distribution of the same through the network of marketing societies. This is a great success in India, as millions of farmers are procuring their requirement of fertilizers at fair prices from the Marketing sections of IFFCO. The village level co-operative societies are affiliated to the District Co-operative Banks and Co-operative Bank gets concessional finance from the agricultural credit department of the Reserve Bank of India.

A spectacular development has been achieved through the establishment of agricultural processing co-operatives viz. sugarcane, cotton, oil seeds, food and vegetables. National Co-operative Development Corporation (NCDC) financially assists all these activities, which is the executive body of the ministry of agriculture and co-operation.

In order to arrest exploitation of the millions of consumers in India by the traders, particularly during the periods of scarcity of essential commodities, a system of public distribution has been introduced with a network of consumer’s co-operative societies. Various types of consumer articles and essential commodities are supplied to the consumers at a fair price. There are a few thousands of primary consumers co-operative societies and many wholesale consumer societies and a few state consumer federations etc.

There are other types of co-operatives also like housing co-operatives for providing houses to the middle income and low-income groups in the country, Dairy fishery and poultry co-operatives. The AMUL Dairy in Gujarat is
considered to be the biggest in world, embracing thousands of small producers of milk for processing the same into butter, ghee, Cheese, chocolate etc.

India has basically an agrarian economy with 72% of its total population residing in rural areas. The rural people need a lot of services in daily life, which are met by the village crop society the seeds of corporation in India were in 1904 when the first co-operatives societies Act was passed. Since then, the co-operatives movement has made significant progress. Co-operatives have extended across the entire country and there is currently an estimated 230 million-members nation wide. The co-operatives credit system of India has the largest network in the world and co-operatives have advanced more credit in the Indian agricultural sector than Communal Bank.

Various development activities in agriculture, small industry marketing and processing and distribution and supplies are now carried on through co-operatives. The main operations of cooperatives in India are as follows-

1. Agricultural Credit
2. Non Agricultural Credit
3. Agricultural Marketing
4. Urban Credit Co-operatives
5. Housing Co-operatives
6. Agricultural Supplies
7. Agricultural Processing
8. Industrial Co-operatives
9. Multipurpose Co-operatives
10. Functional Co-operatives in the fields of like, dairy, poultry, fisheries, fruits, vegetables etc.
Thus, the crop societies in India in fact are playing multi-functional roles both in rural and urban areas.

Co-operation in a vast country like India is of great significances because-
1. It is an organization for the poor, illiterate and unskilled people.
2. It is an institution of mutual help and sharing.
3. It softens the class conflicts and reduces the social cleavages.
4. It reduces the bureaucratic evils and follies of political factions.
5. It overcomes the constraints of agricultural development.
6. It creates conducive environment for small and cottage industries.

The share of co-operatives in national economy is as follows-
1. Rural Net Work (Village covered) =100%
2. Agricultural credit disbursement by co-operatives = 46.15%
3. Fertilizer disbursed =36.22%
4. Fertilizer production =27.65%
5. Sugar Produced (10400 million tonnes) =59.0%
6. Capacity utilization of sugar mills =50%
7. Wheat procurement =31.8%
8. Animal feed supply/production =50%
9. Retail fair price shop (Rural and Urban) =22%
10. Milk procurement to total production =7.44%
11. Milk procurement to marketable surplus =10.5%
12. Ice cream manufacture =45%
13. Oil marketed (Branded) = 50%
14. Spindale in crop = 9.5%
15. Cotton marketed/procurement = N.A
16. Cotton yarn/fabrics production = 55.0%
17. Fisherman in co-operatives = 21%
18. Storage facility (Village level PACS) = 65%
19. Rubber processed and marketed = 95%
20. Areca nut processed and marketed = 50%
21. Direct employment generated = 107 million
22. Self employment generated for persons = 14.39%
23. Salt manufactured = 7.6%

These statistics here indicate that modern co-operative movement has made a tremendous progress in every walk of its activities and occupies a major place in the share of the national economy.

There is no other country in the world than India having such a large and diversified co-operative movement, wherein large numbers of people are directly involved. About 4.88 lakhs co-operative societies have been established in India with a total membership of about 190 millions farmers. The co-operative movement in India is largely rural based.

Maharashtra state ranks first in the country in successful implementation of co-operative movement. There were 8990 co-operative societies functioning in Maharashtra with a total membership of 14.21 Lakhs at the time of independence. Today about 1, 65,789 co-operative societies are functioning in the state with a total membership of 43.90 million.
2.8 CO-OPERATIVE MOVEMENT IN MAHARASHTRA

A Co-operative plays an important role in safeguarding the vulnerable unorganized sections of the people engaged in various economic activities. The co-operative movement has been in existence for nearly a century faced so many critics. Still it has helped in preventing exploitation of the rural masses from capitalists and in raising the economic condition of small farmers, village artisans, and ladles labours. It has developed growth centers in the rural areas generating new employment opportunities, augmenting productive capacity and enhancing the competitive ability of weaker sections. In its initial era, the co-operative movement in Maharashtra was confined mainly to the field of agricultural credit. It was rapidly spread other fields like agro processing, agro marketing, rural industries, consumer stores, social services. This has resulted in considerable beneficial impact in raising the standard of living of the people. However, suitable strategies need to be adopted in order that the co-operative movement competes in the new economic scenario and market trends. Maharashtra is one of the major States of India. It is also the most urbanized and industrialized State. The Co-operative movement is widespread and has a long history in Maharashtra and even today it plays an important role in the economy of Maharashtra. The Co-operative movement is widespread and has a long history in Maharashtra and even today it plays an important role in the economy of Maharashtra Co-operative Movement has been recognized as an effective instrument for the economic development of the rural masses and for improvement in the socio-economic condition of the underprivileged. Since majority of the population of Maharashtra lives in the rural areas and is involved in agricultural activity, the co-operative movement here assumes a greater significance. Today we find that co-operatives are found in almost all the pockets of Maharashtra and have been vastly successful in the overall improvement of the quality of life in the rural areas. This is a success of not only the people of Maharashtra but also of the co-operative movement itself.
The co-operative movement in Maharashtra has not only improved the lives of the people here but has made a significant contribution to the economy of the State itself. Today Maharashtra is considered as the land of opportunities as it is one of the most developed states not only economically but also in terms of infrastructure. Without doubt a major credit goes to the co-operative sector, which has not only promoted and developed rural leadership, which can certainly be termed as the leadership of the masses but also has been involved in promoting the development of infrastructure in the State.

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termed as the leadership of the masses but also has been involved in promoting the development of infrastructure in the State.

The origin of Co-operative movement in Maharashtra State dates back to 1882 when the first Urban Co-operative Bank name ‘Anyonya Sahakari Mandali’ was established at Baroda, “though Phad system” in Kolhapur was the form of an informal Co-operative that existed much prior to that Co-operative movement was formerly introduced through All India Co-operative Societies Act 1904.

At the present situation the Co-operative movement in Maharashtra has played a significant role in the social and economic development of the state, particularly in the rural areas. Initially, this movement was confined mainly to the field of agricultural credit. Later it rapidly spread into other fields like agro-processing, agro-marketing, rural industries, consumer stores, social services etc. This has resulted in a considerable beneficial impact in raising the standards of the rural masses. In order to face the problems emerging out of the liberalization, various possibilities need to be explored in order that the Co-operatives compete with the new economic scenario and market trends.

The following table shows the progress of the Co-operative Movement in Maharashtra new industries in the co-operative sector since 1961.
Table No.2.01 Progress of the Co-operative Movement in Maharashtra State

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<tr>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Apex &amp; Central Agri/ Non-agri Credit</td>
<td>39</td>
<td>31</td>
<td>34</td>
<td>34</td>
<td>34</td>
<td>-12.82</td>
</tr>
<tr>
<td>2</td>
<td>Primary Agri. Credit societies</td>
<td>21,400</td>
<td>18,577</td>
<td>19,565</td>
<td>20552</td>
<td>21238</td>
<td>-0.75</td>
</tr>
<tr>
<td>3</td>
<td>Non-Agri. Credit societies</td>
<td>1,630</td>
<td>5,474</td>
<td>11,291</td>
<td>22013</td>
<td>26630</td>
<td>1533.74</td>
</tr>
<tr>
<td>4</td>
<td>Marketing societies</td>
<td>344</td>
<td>423</td>
<td>931</td>
<td>1115</td>
<td>1451</td>
<td>321.80</td>
</tr>
<tr>
<td>5</td>
<td>Industrial societies</td>
<td>4,306</td>
<td>14,327</td>
<td>28,954</td>
<td>39070</td>
<td>44401</td>
<td>931.14</td>
</tr>
<tr>
<td></td>
<td>(Including Sugar factories, spinning mills etc.)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Service societies</td>
<td>3,846</td>
<td>21,915</td>
<td>43,845</td>
<td>75232</td>
<td>106986</td>
<td>2681.74</td>
</tr>
<tr>
<td></td>
<td>(consumer stores/ Housing etc)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>31565</td>
<td>60747</td>
<td>104620</td>
<td>158016</td>
<td>200740</td>
<td>535.96</td>
</tr>
</tbody>
</table>

Source :- Economic survey of Maharashtra 2006-07 and Co-operative Movement at Glance at Maharashtra 2007 page No.5
This Table gives an idea about the progress of the co-operative movement in Maharashtra over the years. The data in respect of the number of various co-operative societies from 1960-61 to 2006-2007 are presented in Table No.2.01.

It is revealed from the data presented in table 1 that total number of all the co-operative societies in Maharashtra was 31,565 in the year 1960-61 has increased to by 2,00,740 the end of March 2007. This has resulted in 535.96 per cent change over the base year 1960-61. Among the different categories of co-operative societies the proportionate number of PACS decrease by 0.75 per cent in the year 2006-2007 over the year 1960-61.During the period up to early the number of PACS was higher than the other co-operative societies in Maharashtra. The rapid increase in the number of rest of the co-operative societies was noticed. This change over was maximum to the extent of 2681.74 per cent in case of social societies, Industrial societies and productive cooperatives (931.14per cent), Primary Agricultural Credit societies 1533.74per cent and marketing societies (321.80per cent). At the end of 2006-07 more than 53.30 per cent co-operative societies were under the category of service societies.

It is conspicuous that the non-agricultural credit societies rose by nearly 15 times. The marketing societies rose nearly 3 times during 44 years. There was also a significant increase in the case of marketing societies and productive enterprises like sugar factories, rice mills etc. The highest magnitude of increase was worked in the case of social service and other Co-operative societies including consumer stores, housing etc. In totality, thus the Co-operative societies in the state rose from 31565 during 1961 to 2, 00,740 at the end of 2007, indicating more than five time increase over the base year. The Co-operative movement in Maharashtra showed satisfactory performance through the working of the different co-operative credit societies. Rapid changes in the development and growth of non-agricultural credit societies were also noticed.
2.9 CO-OPERATIVE MOVEMENT IN AHMEDNAGAR DISTRICT.

In Ahmednagar district there are different types of co-operative societies working several of activities. The following table shows co-operative movement in Ahmednagar District. It is observed that the percentage of productive and processing societies is more than the other societies. Productive and processing societies include the co-operative sugar factories and milk societies. The following table reflects the picture of Co-operative movement in Ahmednagar from 2002-03 to 2006-07.

Table No.2.02Cooperativ Credit movement in Ahmednagar District

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No. of Societies</td>
<td>9199</td>
<td>9310</td>
<td>9479</td>
<td>9285</td>
<td>9468</td>
<td>2.92</td>
</tr>
<tr>
<td>1</td>
<td>No. of Members (.000)</td>
<td>2570</td>
<td>2737</td>
<td>3029</td>
<td>2989</td>
<td>3092</td>
<td>20.31</td>
</tr>
<tr>
<td>2</td>
<td>Share Capital</td>
<td>5363235</td>
<td>5604386</td>
<td>6027718</td>
<td>6087995</td>
<td>6226317</td>
<td>16.09</td>
</tr>
<tr>
<td>3</td>
<td>Reserve fund &amp; Other Fund</td>
<td>12012055</td>
<td>12609873</td>
<td>8102068</td>
<td>8183089</td>
<td>8264920</td>
<td>-31.19</td>
</tr>
<tr>
<td>4</td>
<td>Total Deposit</td>
<td>42974711</td>
<td>48486667</td>
<td>36054386</td>
<td>51041469</td>
<td>52392753</td>
<td>21.92</td>
</tr>
<tr>
<td>5</td>
<td>loan Outstanding</td>
<td>80250509</td>
<td>79081313</td>
<td>80936826</td>
<td>84153816</td>
<td>88303537</td>
<td>10.03</td>
</tr>
<tr>
<td>7</td>
<td>Working capital</td>
<td>40030938</td>
<td>46254787</td>
<td>35350059</td>
<td>50798676</td>
<td>61607145</td>
<td>21.28</td>
</tr>
<tr>
<td>8</td>
<td>No. of Soci in Net Profit</td>
<td>4159</td>
<td>4209</td>
<td>4422</td>
<td>4333</td>
<td>4418</td>
<td>6.23</td>
</tr>
<tr>
<td>9</td>
<td>No. of Soci in Net Loss</td>
<td>4868</td>
<td>4926</td>
<td>4876</td>
<td>4776</td>
<td>4870</td>
<td>0.04</td>
</tr>
<tr>
<td>10</td>
<td>No. of Soci in No profit and No loss</td>
<td>172</td>
<td>175</td>
<td>181</td>
<td>176</td>
<td>180</td>
<td>4.65</td>
</tr>
</tbody>
</table>

Source: District Socio Economic survey of Ahmednagar district 2002-03 to 2006-07.

Report of District Registrar of Co-operative Societies, Ahmednagar 2003-07
The above given table reveals that Co-operative Movement in Ahmednagar District. During the year 2002-03, the number of Co-operative societies in Ahmednagar District was 9199 which increased to 9468 in the year 2006-07. The number of Co-operative societies has increased by 2.92% during the study period.

The total membership of Co-operative societies was 25.70 lakhs, which increased to 30.92 lakhs in the year 2006-07. The membership increased by 20.31 % during the study period.

The share capital of Co-operative societies during the year 2002-03 was Rs. 53632.35 lakhs, which increased to Rs.62263.17 lakhs in the year 2006-07. The share capital has increased by 16.09% during the study period.

The total of reserve and surplus were Rs. 120120.55 lakhs in the year 2002-03 and were decreased to Rs 82649.20 lakhs in the year 2006-07. The reserve and surplus had decreased by 31.19 % during the study period. The deposit of Co-operative societies was Rs. 429747.11 lakhs in the year 2002-03 and it was increased to Rs.523927.53 lakhs in the year 2006-07. The deposit of Co-operative societies was increased by 21.92 % during the study period.

The loan outstanding of Co-operative societies during the year 2002-03 was Rs. 802505.09 lakhs, which increased to Rs. 883035.37 lakhs in the year 2006-07. The outstanding loan was increased by 10.03% during the study period.

The working capital of Co-operative societies during the year 2002-03 was Rs. 400309.38 lakhs, which increased to Rs. 616071.45 lakhs in the year 2006-07. The working capital was increased by 21.28% as compared to the year 2002-03.

The net profit is represented by the total income minus the total expenses in the year 2006-07, 4418 societies were in profit, 4870 societies were in loss and remaining in no profit and no loss i.e. 180 societies. The same situation was maintained continuously during the period under study.
Co-operative movement in Ahmednagar District is continuous progress and development in the study period. The above table shows that there was a growth in membership, share capital, deposit, working capital and decreased in reserve fund.

2.10 ORIGIN OF EMPLOYEE'S CREDIT CO-OPERATIVE SOCIETIES:

Government Servant first took initiative in organization of employee's credit co-operative societies. In the register report for 1908, it is mentioned that there were four societies constituted for and composed of Government Servants working at that time. The registers’ remarks about these societies are "Apart from the small loans and savings accounts such societies would tend generally to be rather provident funds than anything else. The four societies were:

1. latary Accounts Co-operative society.
2. handesh Government Servant Society.
3. adag Government Servants Society and
4. agalkot Government servant's societies.

The benefits of employee's co-operative societies came to be widely recognized and high officials of government and railway companies took personal interest in the organization of societies for employees’ of the department, which were under their control. In 1913 a society for B.B and C.I. Railway employees’ was established as a result of sympathy and encouragement of Mr. Jackson after whom the society was named. Other instances of societies sponsored by government officers are Central Telegraph society started by Mr. Talbot, Customs Department Employees’ societies by Mr.Gubby, Bombay Ports Co-operative societies by Mr.Sams. So the pioneering work in starting employee's societies was mostly done by Government Officials who saw in the Co-operative effort great potentialities, for promoting the economic well being of Government servants of various grades working in their departments. The numbers of Employees’ societies
have rapidly grown and there are few departments of Government or Local self
government institutions, which have not formal societies for staff working under
them. Similarly in most of the districts societies have been formed for the
employees’ of local bodies like Municipalities and local boards. Some recruited
from schedule casts. The two big railway companies namely G.I.P Railway and
B.B and C.I. Railway have organized societies for the benefits of their employees’.
At the end of 1947-48 there were 510 salary earners societies working in the
Bombay Province.

2.11 SPECIAL CIRCUMSTANCES OF EMPLOYEE’S CREDIT

CO-OPERATIVE SOCIETIES:
The majority of people living in urban area consists of businessmen engaged in
big or small businesses, men engaged in trade and commerce of production of
goods and services, engaged in professions, artisans, labourers, wage earners,
employees’ of Government and semi Government institutions, employees’ of
firms, commercial and industrial establishments etc. The Co-operative societies
have been organized for the benefit of these various classes living in small and big
cities and towns. Though the constitution of an urban credit society keeps the
membership open to all classes irrespective of the profession and nature of service,
as the movement developed it was found more convenient to have separate
institutions catering to the special needs of certain classes of people such as salary
earners, factory workers etc. Co-operation becomes easy and successful among
persons who have common economic needs and have an affinity of interest etc.

Agricultural Co-operative societies can be started without much risk
because the members have their lands, houses and cattle to offer them as security.
Also being neighbors and residents in one village they know each other well and
are, therefore, willing to undertake joint unlimited liability. In towns fewer persons
own immovable property and owing to larger population there is less mutual
knowledge. Accordingly co-operative societies for town and cities are usually
started with limited liability and share capital. This share capital is subscribed by members themselves out of their savings and is the guaranteed fund on the security of which deposits and loans are obtained from public. The scheme is convenient enough for artisans and small traders and professionals who have working capital of their own out of which they can afford to buy a share or two. But it does not suit a large class of salary earners, whether employed by private firms, Government departments or railways, which are drawing a fixed monthly rate of pay and have rarely any accumulated capital on hand. If the wage earner has not more than Rs.1 or Rs.2 left over after he has paid his monthly bills, it will be long times before he can manage to buy as Rs.10/- share in an ordinary co-operative society.

A salary earner is in a difficult position, because he has no security to offer to his creditors except his prospect of remaining in his service, post and drawing his pay. Death and dismissal would deprive him of his livelihood. Anyone who lends money to him has these risks before his eyes and charges proportionately higher rates of interest. He needs loans for medical attendance, marriages, or for obtaining a capital asset to support his limited income. But he has to pay more for the accommodation. When he once gets into debt, he often finds it very difficult to get out again and to make a fresh start with regard to savings; men in private firms have often no provident fund to invest. He finds it difficult to save at all. These general considerations determine the special form, which co-operative credit societies for salary earners must take. First of all it must be based on thrift, because that is the ultimate foundation of all credit, and thrift, implies that every member shall make monthly savings from his pay in proportion to his means. This is provided by the system of subscription, which is enforceable, by expulsion for default under the byelaws. Such subscriptions are converted into shares when the amount subscribed is equal to the value of one share. This conversion is necessary because an employee's society is ordinarily one of the limited liability and must
posses a paid up share capital in order to secure public credit. Most salary earners are in debt and are demanding loans for redeeming their loans. The committee fixes the monthly installments according to the means of borrower, members are also contributing towards the paid up capital in proportion to their loans, say 5% or 10% of loan is deducted while taking loans. This increases the saving of members and builds sound financial base of the society.

2.12 SALIENT FEATURES OF EMPLOYEE’S CREDIT CO-OPERATIVE SOCIETIES:

Mostly these societies are formed in towns and in cities. It is purely democratic form of organization and its salient features are limited liability, democratic control, and restriction on dividends, loans on personal security, monthly subscriptions, and minimum value of shares equality etc. After having registered the society under co-operative societies act, it becomes a separate body corporate. As such it has its own life and it does not come to an end on death, retirement, insolvency or lunacy of any member of the society. The state government backs co-operative societies and as such they get a legal and financial assistance from the state government. These societies have one feature in common viz. that they get a fixed monthly income in the form of wages or salary. Their conditions of work may be different.

The following are the Salient Features of ECCS:

1) ECCS is a voluntary association of permanent salary earners who gather together for their common economic need. The membership of employee’s co-operative credit society is open to all irrespective of religion, caste, creed, colour, economic position or political affiliation but the person should be permanently employed in the office or department concerned.
2) In some societies even persons who are employed on temporary basis are admitted to membership of society and allowed to purchase shares and make monthly subscriptions but are not permitted to borrow, unless members who are on the permanent list permit. The employer must to take the surety for the recovery of loans.

3) Employee's co-operative credit society is a voluntary association of permanent salary earners who gather together for a common economic need and to help them without any profit motive.

4) ECCS is a purely democratic form of organization and found in towns and cities.

5) ECCS is registered under co-operative societies Act.

6) The byelaws of the societies provide for objectives for which the societies are registered and working.

7) The main objective of ECCS is supply cheap credit to employee members at the time when it is required. The majority of loans continue to be made on personal guarantee of sureties constant renewals of loans are a normal feature of this society.

8) Members of ECCS are not willing to become dismember during their service life considering the provisions in byelaws.

9) ECCS provides for encouragement of saving the thrift and co-operation amongst the members.

10) The management committee of employee's co-operative credit society consists of elected members. The chairman, secretary and board of directors are totally responsible to run the credit society smoothly.
11) The amount of credit allowed by the ECCS is mostly related to employee's regular salary income. Security for ordinary loans may be, two personal sureties approved by the committee.

12) Repayment of loan amount is to be made from monthly salary deduction.

13) ECCS provide for regular monthly share contribution. It is based on income slab or on categories of status and positions.

14) The loan limit allowed to each member is thus related to his salary as well as to his share capital with a maximum ceiling of block amount fixed as by byelaws.

15) After completing the formalities of loan bond, promissory notes and other relevant documents the ECCS board of directors will sanction the loan proposal.

16) Big in membership size, capital size and performing many other activities for members these ECCS is appointed required full time office staff but most of ECCS manage their official work through part time staff.

17) The ECCS should give loan to members for solving their financial problems i.e. current consumption loan for expenditure or capital expenditure.

18) The ECCS provides loan to member in regard to use of loan for different purpose i.e. marriages and religious activities education of dependents, purchase of luxurious items, investments and consumable items etc.

19) Welfare activities are to be undertaken by the ECCS from the surplus profits after providing for reserve fund and dividend i.e. member insurance,
family get together, free notebook to wards of members, awards and scholarship to merit holding wards, participation in corporative seminars.

20) The general body of member shall act as supreme body of ECCS and shall act through the annual general meeting by passing are solution for any decision or action. The number of members of the managing committee shall be fixed by the byelaws with the limit prescribed by the corporation Act.

21) The managing committee of ECCS is expected to work within the framework of guidance given by the members in the general meeting. The managing committee tenure should be five years or as per byelaws. Usually meetings of boards are held at least once in a month.

22) The ECCS's avails cash credit facility from distinct central corporative bank as per corporative Act.

23) The problems of overdues are not serious because these ECCS have their own distinct method for recovery of loans through pay roll U/S 49 of MSC Act, 1960.

2.13 SIGNIFICANCE OF ECCS:

The Employee's co-operative credit society plays an important role by providing the financial help to the laborers, workers and employees'. These credit societies are organized to serve the common man and liberate him from the exploitation of the economically strong class of people. Man is a social animal. The spirit of co-operation exists in mankind as a natural instinct. The co-operative credit society gives way to this instinct for the common good of the society. The
importance of employee's co-operative credit society is explained through the following points.

a. The employee's co-operative credit society is run on democratic principles, so that a member has the right to verify his accounts and the running of credit co-operative society.

b. Any employee of the same sector or the department concern can be the member of co-operative credit society, irrespective of cast, creed, religion, economical position and politics.

c. The members come together under a banner of credit society to help each other. It enhances the spirit of mutual help and unity. They realize that "united we stand and divided we fall."

d. The liability of the members is limited to the extent of the face value of the shares held by them. Thus, there is no danger of forfeiture of private property to pay off the liabilities of the society in case of winding up of the society.

e. The co-operative credit society builds up courage and confidence in the members, so they become enterprising to produce something and to add to the wealth of nation.

f. "One member one vote", is the principle of the employee's co-operative credit society. The members elect the board of the directors by scored voting.

g. Every member of the credit society has to contribute some money towards the shares and deposits. As the result, the members live a frugal life to save some money for their future.
h. Service without profit", the motto of the credit society. Even if there is profit out of the transactions of co-operative credit society, that profits are used for the welfare of the member of Co-operative credit society. So the loans are sanctioned at the minimum rate of interest.

i. The credit co-operative societies help the members by giving short-term loans to meet the basic needs such as food grain, clothing and shelter.

j. Every employee dreams to build a little house but it is very difficult to build it, out of his savings or he has no property to mortgage and to obtain a loan to build a house in such a case the employee's co-operative society extends co-operation by granting long term loans so that the employee can realize his dream to have shelter of his own.

k. The credit co-operative societies help the members to educate their sons and daughters by giving loans. The society also helps the members to buy medicine and avail medical help required by giving loans.

l. The credit co-operative societies relieve the members from exploitation by the money lenders. There are facilities to avail the loans from the banks but it needs more time and some times money too. On the contrary, the employee's co-operative credit society sanctions the loans to the members quickly and easily.

m. As there is monthly salary deduction for the recovery of the loan, there is no possibility of bad debts and overdues.

Considering this background they study of financial aspects of employees’ credit co-operative societies is of a great importance.
2.14 ORGANIZATION AND MANAGEMENT OF ECCS:

The employee's co-operative credit societies are governed by the Maharashtra co-operative Societies Act 1960 and Rules 1961. The salient features of the organization and management of these societies are as follows.

1) Registration:

Every employee's credit co-operative societies should be register under the co-operative societies act. For the purpose of registration an application shall be made to the registrar in the Form ‘A’ in Marathi, Hindi or English to be signed by the applicant along with the necessary documents including four copies of the proposed Bye-laws and payment of necessary fees. The Registrar of co-operatives shall make scrutiny of the application and gives the registration numbers and the registration certificate. The employee's credit co-operative societies are in the class of "Resource Society."

2) Minimum members:

The membership is a basis of credit co-operative society of employees’. Byelaws provide certain norms for membership being allowed for any employee in any organization as per co-operative principle any employee can be a member as a liberal view but permanent employee should be a member. Minimum ten persons can come together and form a co-operative society. The employee's co-operative societies are generally formed by required number of employees’ from the same organization or industry. A person once enrolled as a member continuous to be so till he/she retires. In some organizations even the retired employees’ are permitted to continue their membership for specific period and specific purpose.
3) **Membership:**

The membership of such societies should be open to all categories of employees of the particular organization from the highest rank of executives to the workers at bottom level irrespective of their service and status in the organization. The management of the society provides benefits to all the members. At the time of membership minimum one share amount and entry fee is essential condition with membership application.

4) **The Office Bearer:**

Generally following are the office bearers of the employees’ co-operative credit co-operatives’ societies.

The Chairman: is the Chairman of the Society.

The Secretary: is the Secretary of the Society.

The Treasurer: is the Treasurer of the Society.

The Managing Body: is the board of directors of the society.

These office bearers are elected at regular intervals as per rules and regulation given by the act and the byelaws of the society. The powers of the office bearers are also regulated by the act and the byelaws. The Boards of director plays vital role to provide cheap, adequate and timely supply of credit to members.

4) **General Management:**

The general management of employee's co-operative credit society is regulated by the co-operative society act and the byelaws of the society. These generally include provisions regarding Formation and Registration.
Membership, Office bearers, election, meetings and day-to-day working etc.

5) **Management:**

The members of salary earners’ co-operative credit societies are the employees’ of an organization, and therefore, it is quite desirable for the employers of the particular organization to accept and appreciate the moral responsibilities for associating themselves with the activities of such societies for extending organizational guidance, managerial advice and operational suggestions to the members of the society as and when necessary. Such kind of involvement of higher officials of the mother organization in the management of its salary earners co-operative credit societies may be encouraged for extending purposeful direction to the co-operative society to maintain efficiency of the particular co-operative in terms of profit generation and sustainable viability.

There should be regularity in the election of members of the board of directors. On retirement of members of board of directors after serving for a specified period, new members may be inducted in the board of directions through the process of election. It is desirable that there should be a system for rotational retirement of a group of directors and in their places; fresh members are to be motivated to bear the responsibilities as the directors. The co-operative society should evolve specific election code for holding of such election.

6) **Administration of Accounts:**

For maintenance of proper accounts in systematic order and to have absolute transparency in the financial transactions of a society, audit of the accounts must be regularly be ensured. In every annual general meeting of the society; the audit report on the accounts of the preceding year should be placed for discussion among the members. general body for the benefit of
the members of the society. The procedure of internal audit should also be implemented to bring perfection and discipline in the accounts.

7) **Activities of the Society in Extending Loan to Members:**

The principal activity of a salary earners co-operative credit society is to sanction loan to its members at the time of their requirement but such a loan should always be assessed in relation to the repaying capacity of the member, as more quantum of loan always invites more indebtedness. The loan should always be purposeful for a member. The payment of loan to any member in such societies should be regulated in such a way that there should not be much delay in processing a case from the day of its receipt. Further, there should not be any discretion of any person/ group of persons in the society to allow any concession or special consideration to any of the cases. All the cases of loan must strictly be treated with identical priority and equal importance. Mechanism should be adopted in such a way that the number of members applying for loan on a certain date may receive the payment subsequently on a particular date causing no discrimination in disposing of loan cases uniformly will create a better impression about the society within its member.

8) **Participation in Shares:**

To increase the paid up share capital, being a part of working capital, for utilization as loan able fund in the society a system should be evolved for transferring a fixed percentage of the amount of every loan to the shares account of the particular member taking loan. The management must resolve to offer a return to the members of the society by way of dividend each year against such accumulation of shares.
9) Special Deposit Scheme:
The deposits constitute the most important source of the working capital of employee's co-operative credit society. Contributions for deposits are deducted compulsorily from monthly salary of the members. After the survey of various ECC societies in Ahmednagar district, it is observed that such deposits are not so sufficient; to make the society economically independent, therefore, it is necessary for every society to accept maximum special deposits from the interested members by giving attractive and charming rate of interest on such deposits. The working capital of the society should be increased by adopting some special deposits schemes. In this way if the credit society becomes economically sound, then there is no need of loan from the DCC bank. Deposits are always better than the loan, because-

1) Rate of interest on deposits is generally lower than on loan.

2) Deposit is made by members it would show that the society is
ordination with the employer for ensuring a control over such situation. The above procedure, in recent times, for recovery of outstanding dues of members leaving or expired has been adopted in a number of such societies through mutual understanding between the society and the employer. A declaration is to be executed by the member applying for a loan from the society, authorizing the employer to deduct unrealized amount if any, from gratuity receivable by him in case, the loan is not cleared under the normal circumstances.

Overdues have created serious problem as experienced in banks and other financial institutions and therefore, action oriented strategy for regular; and timely recovery of loan needs to the formulated by the credit societies and the employer must recognize such actions for the interest of the employees'.

11) Co-operative Education:

There is much need for giving proper education about co-operative principles, ideas and rules to its members and directors. Extension of such education programme in a regular manner will look after them to become effective part of the co-operative society should also be enlightened on co-operative Act and accounts through training courses so that they may actively associate themselves in the working of the co-operative.

12) Controlling Bodies:
operative Department, Special auditor, District Central Co-operative Bank and The Maharashtra State Co-operative Bank indirectly as the State financing agencies and federations of co-operative societies. These are controlling bodies to regulate the employees' co-operating credit societies to run smoothly and effectively.

13) **Involvement and Role of Employers:**

The employers should treat employee's co-operative credit society as an essential part of the welfare for the employee's of the organization and must formulate ideas to extend sympathetic attitude and helpful privilege towards such societies. The co-operative credit societies may be provided with free accommodation, electricity and water supply within the premises and boundaries of the area of the on the consideration that such societies are working directly for the economic benefit and betterment of the employees' under them by the employers.

14) **Role of Trade unions or employee's associations:**

If the employees' of any undertaking constitute any part under any banner of a trade union or employee's association, the leaders of the workers union of the same institution have the capacity and opportunity to convince or monitor their employee-members to be associated with the co-operative as its member the persons in leadership of workers union can play the role to advice their members to follow and understand the ideals and ideas of co-operative so that such members may take active part in the affairs of the co-operative societies and shoulder responsibilities of success of the credit societies under co-operative principle.
Without active part of the employer, no Employees’ credit co-operative credit society can work and the success of such co-operatives depend on substantial support and adequate assistance from the employers and wholehearted participation of the members.

2.15 GROWTH AND DEVELOPMENT OF ECCS:
All employees’ societies were formed on limited liability basis. After independence Government of India took rapid and planned steps for providing employment to deserving and qualified persons. In the planning era, there is a balanced growth in all sectors and regions. We find different types of employments expanding in various sectors. Schools and Colleges have increased, industries and business institution have grown in different sectors, and jobs have multiplied in government, private and co-operative sectors. The employees’ Co-operative credit societies are also multiplied in the same proportion and the rate of growth and development is simply alarming. Co-operation is a stage subject and various states co-operative laws have made the procedure of formation of society as simple as possible. Ten employees’ of the same category or department or service can very easily form an employee's society with a written guarantee of the employers to deduct at source the amount of share capital contribution and other dues.

2.16 DISTRICTWISE ECCS DEVELOPMENT IN MAHARASHTRA:
Region wise ECCS development shows us only in which area of the state more number of ECCS is working and to know the exact development of ECCS. It is necessary to know the exact location where the ECCS's are working in more number and whether proper action is necessary for starting a new ECCS.
### Table No. 2.03 Districtwise number of ECCS in Maharashtra State

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Name of District</th>
<th>Number of ECCS</th>
<th>Rank in the State</th>
<th>District</th>
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<tbody>
<tr>
<td></td>
<td></td>
<td>In District</td>
<td>In Division</td>
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<tr>
<td>1</td>
<td>Mumbai</td>
<td>842 (100)</td>
<td>842 (11.68)</td>
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<td>2</td>
<td>Kokan division</td>
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<td>Thane</td>
<td>311 (51.15)</td>
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<td>Raigad</td>
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<td>Ratnagiri</td>
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<td>Total</td>
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<td>3</td>
<td>Nashik division</td>
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<td>Dhule</td>
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<td>Jalgaon</td>
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<td>Ahmednagar</td>
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<td>In District</td>
<td>In Division</td>
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<td>5</td>
</tr>
<tr>
<td>2</td>
<td>Jalana</td>
<td>64 (11.90)</td>
<td></td>
<td>29</td>
</tr>
<tr>
<td>3</td>
<td>Parabhani</td>
<td>94 (17.47)</td>
<td></td>
<td>26</td>
</tr>
<tr>
<td>4</td>
<td>Hingoli</td>
<td>38 (7.06)</td>
<td></td>
<td>34</td>
</tr>
<tr>
<td>5</td>
<td>Total</td>
<td>538 (100)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Latur Division</td>
<td>800 (11.09)</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Latur</td>
<td>250 (31.25)</td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>8</td>
<td>Beed</td>
<td>193 (24.13)</td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>9</td>
<td>Nanded</td>
<td>200 (25.00)</td>
<td></td>
<td>13</td>
</tr>
<tr>
<td>10</td>
<td>Usmanabad</td>
<td>157 (19.63)</td>
<td></td>
<td>21</td>
</tr>
<tr>
<td>11</td>
<td>Total</td>
<td>800 (100)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Amaravati Division</td>
<td>804 (11.15)</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Amaravati</td>
<td>216 (26.87)</td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>13</td>
<td>Buldhana</td>
<td>193 (24.00)</td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>14</td>
<td>Akola</td>
<td>180 (22.39)</td>
<td></td>
<td>18</td>
</tr>
<tr>
<td>Sr. No.</td>
<td>Name of District</td>
<td>Number of ECCS</td>
<td>Rank in the</td>
<td></td>
</tr>
<tr>
<td>--------</td>
<td>------------------</td>
<td>---------------</td>
<td>-------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>In District</td>
<td>In Division</td>
<td>State</td>
</tr>
<tr>
<td>1</td>
<td>Wasim</td>
<td>68</td>
<td>(8.46)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>147</td>
<td>(18.28)</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Total</td>
<td>804</td>
<td>(100)</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Nagpur Division</td>
<td>861</td>
<td>(11.94)</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>Nagpur</td>
<td>369</td>
<td>(42.86)</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Wardha</td>
<td>99</td>
<td>(11.50)</td>
<td>25</td>
</tr>
<tr>
<td>5</td>
<td>Bhandara</td>
<td>109</td>
<td>(12.66)</td>
<td>24</td>
</tr>
<tr>
<td>6</td>
<td>Chandrapur</td>
<td>174</td>
<td>(20.21)</td>
<td>19</td>
</tr>
<tr>
<td>7</td>
<td>Gondia</td>
<td>52</td>
<td>(6.04)</td>
<td>32</td>
</tr>
<tr>
<td>8</td>
<td>Gadchiroli</td>
<td>58</td>
<td>(6.74)</td>
<td>30</td>
</tr>
<tr>
<td>9</td>
<td>Total</td>
<td>861</td>
<td>(100)</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>State Total</td>
<td>7211</td>
<td>(100)</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Co-operative movement at a glance in Maharashtra-2007, 44th issue.

**Note:** Figures in brackets indicate percentages to total.
The table No.2.01 shows districtwise ECCS development in Maharashtra activity in the year 2007. We came to know that ECCS in the Pune region stand at 1\textsuperscript{st} position in the state. 688 number of ECCS in Pune region doing activities in Maharashtra. The region covers two districts, in which Pune district stands 1\textsuperscript{st} and 2\textsuperscript{nd} in the state regarding ECCS. Out of the remaining ECCS in Satara district has 324 and stands 7\textsuperscript{th} position in the state.

The Nashik region stands 2\textsuperscript{nd} regarding ECCS activity in Maharashtra State. The region covers 5 districts in which Nashik district stands 1\textsuperscript{st} and 3\textsuperscript{rd} in the state regarding ECCS. Out of remaining Ahmednagar district has 215 ECCS, Jalgaon district has 181, Nandurbar has 58 ECCS respectively. The Ahmednagar district
shows the scope for ECCS activities compare to Dhule, Jalgaon, Nandurbar and Nashik district. Ahmednagar district stands 12th position as compared district in Maharashtra.

The above analysis shows that there is a great scope for ECCS in Ahmednagar and Nashik district of this region. It is also remarkable that the whole region has a number of employment facilities provided by profession, vocation, business and government department.

Nagpur region comes 3rd number for ECCS activity in the state. This region covers 6 district out of which Nagpur district stands 1st having 369 ECCS and ranks 4th in the state. The remaining district Wardha, Bhandara, Chandrapur, Gondia and Gadchiroli has 99, 109, 174, 52 and 58 numbers of ECCS respectively. The above figures of Gondia and Gadchiroli districts suggest that proper action for ECCS can be taken there.

In short ECCS development activity shows the increasing trend throughout the Maharashtra State. But we analyse this increasing trend at regional or micro base, it shows imbalance in the ECCS development activity. It stands e.g. Mumbai region though stands first in all types of development but it stands 4th rank in the ECCS movement in the Maharashtra State.

Pune region stands 1st, Nashik 2nd, Nagpur stands 3rd, Mumbai 4th, Amaravati 5th, Latur stands 6th, kolhapur 7th, Kokan stands 8th and Aurangabad stands 9th number in the field of ECCS development activities in Maharashtra State.

### 2.17 PROGRESS OF ECCS IN MAHARASHTRA:

The following given table shows the progress of Employees’ Credit Cooperative credit Societies in Maharashtra. This is the progress of the period under study. The researcher has also analyzed the average of every financial parameter and calculated the change in percentage to the base year i.e. 2002-03.
Table No.2.04 Progress of ECCS in Maharashtra State (Rs. in Lakhs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No. of Societies</td>
<td>7248</td>
<td>7163</td>
<td>7156</td>
<td>7170</td>
<td>7211</td>
<td>7189.6</td>
<td>-0.51</td>
</tr>
<tr>
<td>2</td>
<td>No. of Members (,000)</td>
<td>3936</td>
<td>3118</td>
<td>3165</td>
<td>3260</td>
<td>3032</td>
<td>3302.2</td>
<td>-22.97</td>
</tr>
<tr>
<td>3</td>
<td>Share Capital</td>
<td>192604</td>
<td>205747</td>
<td>205747</td>
<td>207958</td>
<td>197533</td>
<td>201917.8</td>
<td>2.56</td>
</tr>
<tr>
<td>4</td>
<td>Reserve fund &amp; Other Fund</td>
<td>277973</td>
<td>290002</td>
<td>273859</td>
<td>302050</td>
<td>309829</td>
<td>290742.6</td>
<td>11.46</td>
</tr>
<tr>
<td>5</td>
<td>Total Deposit</td>
<td>163320</td>
<td>167728</td>
<td>175998</td>
<td>224688</td>
<td>245376</td>
<td>195422</td>
<td>50.24</td>
</tr>
<tr>
<td>6</td>
<td>Loan Outstanding</td>
<td>517803</td>
<td>533682</td>
<td>463136</td>
<td>567588</td>
<td>569788</td>
<td>530399.4</td>
<td>10.04</td>
</tr>
<tr>
<td>7</td>
<td>Working capital</td>
<td>804941</td>
<td>810132</td>
<td>810132</td>
<td>893676</td>
<td>806465</td>
<td>825069.2</td>
<td>0.19</td>
</tr>
<tr>
<td>8</td>
<td>Loan Overdues</td>
<td>29163</td>
<td>26035</td>
<td>28986</td>
<td>37339</td>
<td>26881</td>
<td>29680.8</td>
<td>-7.82</td>
</tr>
<tr>
<td>9</td>
<td>Net Profit</td>
<td>33439</td>
<td>35978</td>
<td>31505</td>
<td>33749</td>
<td>36756</td>
<td>34285.4</td>
<td>9.92</td>
</tr>
<tr>
<td>10</td>
<td>No of Soci. in profit</td>
<td>6636</td>
<td>6067</td>
<td>5786</td>
<td>5721</td>
<td>6339</td>
<td>6109.8</td>
<td>-4.48</td>
</tr>
<tr>
<td>11</td>
<td>Net Loss</td>
<td>498</td>
<td>1932</td>
<td>795</td>
<td>711</td>
<td>825</td>
<td>952.2</td>
<td>65.66</td>
</tr>
<tr>
<td>12</td>
<td>No of Soci. in loss</td>
<td>578</td>
<td>669</td>
<td>759</td>
<td>720</td>
<td>679</td>
<td>681</td>
<td>17.47</td>
</tr>
<tr>
<td>13</td>
<td>Rate of overdue to loan</td>
<td>5.63</td>
<td>4.88</td>
<td>6.26</td>
<td>6.58</td>
<td>4.72</td>
<td>5.60</td>
<td>-16.23</td>
</tr>
</tbody>
</table>

**Source:** Economic survey of Maharashtra 2003-2007

**Notes:** All the figures in amount columns are for the financial Year ending on 31st March.
Table No. 2.01 reveals that during the year 2002-03, the total number of ECCS was 7248, which decreased to 7211 during the study period. The total membership of ECCS during the year 2002-03 was 3936, which was decreased to 3032 in the year 2006-07. During the study period 904 members left the society and thus, the membership was decreased by 22.97%.

The share capital of ECCS during the year 2002-03 was Rs. 192604 lakhs, which was increased to Rs. 197533 lakhs in the year 2006-07. The average share capital was of Rs. 201917.8 lakhs for the period under study. Out of total ECCS, the share capital was increased by 2.56% during the study period. During the study period as compared to the membership the share capital of ECCS was increased by 2.56%, but membership decreased by 22.97%.
The reserve funds of the society were good. i.e. Rs. 277973 lakhs during the year 2002-03, which were increased to Rs. 309829 lakhs in the year 2006-07. The average reserve fund for the period under study remained to be Rs. 290742.6 lakhs. The reserve funds had increased by 11.46 % during the study period.

This ECCS had accepted deposits from its members. The deposits of this ECCS were Rs. 163320 lakhs in the year 2002-03 and they were increased to Rs. 245376 lakhs in the year 2006-07. The average deposit for the period under study was Rs. 195422 lakhs. The deposit of ECCS was increased by 50.24% during the study period.

The total loan outstanding of this society during the year 2002-03 was Rs. 517803 lakhs, which had increased to Rs. 569788 lakhs in the year 2006-07. The average loan outstanding for the study period was Rs. 530399.4 lakhs. The outstanding loan was increased by 10.04% during the study period because the loan limits had increased during the study period.

The working capital of this ECCS during the year 2002-03 was Rs. 804941 lakhs, which was increased to Rs. 806465 lakhs in the year 2006-07. The working capital of this society was increased by 0.19% as compared to the 2002-03. The average working capital for the study period was recorded Rs. 825069.2 lakhs.

The loan overdue of the ECCS was Rs 29163. Lakhs (5.63%) in the year 2002-03 and which was decreased to Rs. 26881 lakhs (4.72%) in the year 2006-07. Average overdue during the study period was Rs. 148404 lakhs. (5.60 %). The loan overdue was decreased by 7.82 % during the study period. It indicates a good recovery of loan.

The net profit of the ECCS was Rs33439 lakhs in the year 2002-03 and which increased to Rs. 36756 lakhs in the year 2006-07. The net profits had increased by 9.92% during the study period. The average net profit during the study period was Rs 34285.4 lakhs. Out of total ECCS in Maharashtra, 6638 (91.99%) ECCS were in
profit and 578 (8.01%) ECCS were in loss in the year 2002-03 and 6339 (90.32%) ECCS were in profit and 679 (9.68%) ECCS were in loss in the year 2006-07. A number of ECCS in profit was decreased by 4.48% and a number of ECCS in loss was increased by 17.47% during the period under study.

Thus, it has been observed that the performance of the ECCS in Maharashtra shows continuous signs of progress and development in the study period. It indicates the best performance of the ECCS. The above table shows that there was a growth in share capital, reserve fund, deposit, working capital, loan outstanding and net profit. It indicates a good progress. A decrease in loan overdue indicates a good recovery of the loan. The membership and share capital of the ECCS in Maharashtra decreased during the study period due to the voluntary retirement scheme adopted by the employers in their Organisation.

2.18 PROGRESS OF ECCS IN AHMEDNAGAR DISTRICT:

To see the growth of ECCS in Ahmednagar District, the researcher has analyzed the various parameters for assessing the financial performance of ECCS in Ahmednagar District during the study period. The following table gives the picture of progress.
### Table No.2.05 Progress of ECCS in Ahmednagar District

(![](image))

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No. of Societies</td>
<td>213</td>
<td>210</td>
<td>210</td>
<td>212</td>
<td>215</td>
<td>212</td>
<td>0.94</td>
</tr>
<tr>
<td>1</td>
<td>No. of Members</td>
<td>86203</td>
<td>97664</td>
<td>99011</td>
<td>99953</td>
<td>102381</td>
<td>97042</td>
<td>18.77</td>
</tr>
<tr>
<td>2</td>
<td>Share Capital</td>
<td>551249</td>
<td>1386185</td>
<td>1430683</td>
<td>5614317</td>
<td>1472764</td>
<td>2091040</td>
<td>167.17</td>
</tr>
<tr>
<td>3</td>
<td>Reserve fund &amp; Other Fund</td>
<td>1301523</td>
<td>615588</td>
<td>627680</td>
<td>4974610</td>
<td>4645791</td>
<td>2433038</td>
<td>256.95</td>
</tr>
<tr>
<td>4</td>
<td>Total Deposit</td>
<td>5017366</td>
<td>1803670</td>
<td>1821803</td>
<td>1839153</td>
<td>1874505</td>
<td>2471299</td>
<td>-62.64</td>
</tr>
<tr>
<td>5</td>
<td>Loan Outstanding</td>
<td>1189271</td>
<td>5445676</td>
<td>5533684</td>
<td>5586385</td>
<td>5665438</td>
<td>4684091</td>
<td>376.38</td>
</tr>
<tr>
<td>6</td>
<td>Working capital</td>
<td>3788833</td>
<td>3840081</td>
<td>3958105</td>
<td>2872936</td>
<td>4198283</td>
<td>3731648</td>
<td>10.81</td>
</tr>
<tr>
<td>7</td>
<td>Loan Overdues</td>
<td>302526</td>
<td>97974</td>
<td>117694</td>
<td>118815</td>
<td>171786</td>
<td>161759</td>
<td>-43.22</td>
</tr>
<tr>
<td>8</td>
<td>Rate of Overdues (%)</td>
<td>7.98</td>
<td>2.55</td>
<td>2.97</td>
<td>4.14</td>
<td>4.09</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source:- Economic survey of Maharashtra 2003-2007

Notes :- All the figures in amount columns are for the financial Year ending on 31st March.

The table No. 2.05 reveals that during the year 2002-03, the total number of the ECCS was 213, which was decreased to 215 during the study period. The total membership of ECCS during the year 2002-03 was 86203, which was decreased to 102381 in the year 2006-07. During the study period, the membership was increased by 18.77%.

The share capital of the ECCS during the year 2002-03 was Rs.5512.49 lakhs, which was increased to Rs. 14727.64 lakhs in the year 2006-07. The average share capital was of Rs. 20910.40 lakhs for the period under study. The total share capital of the ECCS was increased by 167.17% during the study period.
The reserve funds of the society were good i.e. 13015.23 lakhs during the year 2002-03, which were increased to Rs.46457.91 lakhs in the year 2006-07. The average reserve fund for the period under study remained to be Rs. 24330.38 lakhs. The reserve funds were increased by 256.95 % during the study period.

The ECCS accepted deposits from their members. The total deposit of ECCS was Rs. 50173.66 lakhs in the year 2002-03 and it was decreased to Rs. 18745.05 lakhs in the year 2006-07. The average deposit for the period under study period was Rs. 24712.99 lakhs. The deposit of the ECCS was decreased by 62.64% during the study period.

The total loan outstanding of this society during the year 2002-03 was Rs. 11892.71 lakhs, which was increased to Rs. 56654.38 lakhs in the year 2006-07. The average loan outstanding for the study period was Rs. 46840.91 lakhs. The outstanding loan was increased by 376.38% during the study period due to the loan limits were increased during the study period.

The working capital of ECCS during the year 2002-03 was Rs. 37888.33 lakhs, which was increased to Rs. 41982.83 lakhs in the year 2006-07. The working capital of this society was increased by 10.81 % as compared to the 2002-03. The average working capital for the study period was recorded as Rs. 37316.48 lakhs.

The loan overdue of the ECCS was Rs 3025.26 Lakhs (7.98%) in the year 2002-03 and which was decreased to Rs. 1717.86 lakhs (4.09%) in the year 2006-07. Average overdue during the study period was Rs. 1617.59 lakhs. (5.60 %) The loan overdue was decreased by 43.22 % during the study period. It indicates a good recovery of the loan.

Thus, it has been observed that the performance the ECCS in Ahmednagar District shows continuous signs of progress and development in the study period. It indicates the best performance of the ECCS. The above table also shows that
there was a growth in Membership, share capital, reserve fund, working capital and loan outstanding. It indicates a good progress. A decrease in the loan overdue indicates a good recovery of the loan. The Deposit and loan overdue of the ECCS in Ahmednagar District had decreased during the study period.

2.19 ROLE OF AHMEDNAGAR DISTRICT IN ECCS DEVELOPMENT IN MAHARASHTRA:

The following table reflects a comparative picture in case of total number of Co-operative societies and total number of ECCS in Maharashtra and Ahmednagar district for the period under study.

Table No.2.06 Position of the Co-operative Movement in Maharashtra with Ahmednagar District

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total NO. of Society in Maharashtra</td>
<td>173402</td>
<td>178854</td>
<td>180390</td>
<td>192797</td>
<td>200740</td>
<td>185236.6</td>
<td>15.77</td>
</tr>
<tr>
<td>2</td>
<td>Total NO. of ECCS in Maharashtra</td>
<td>7248</td>
<td>7163</td>
<td>7156</td>
<td>7710</td>
<td>7211</td>
<td>7297.6</td>
<td>-0.51</td>
</tr>
<tr>
<td>3</td>
<td>Total NO. of Society in Ahmednagar</td>
<td>9199</td>
<td>9310</td>
<td>9479</td>
<td>9285</td>
<td>9468</td>
<td>9348.2</td>
<td>2.92</td>
</tr>
<tr>
<td>4</td>
<td>Total NO. of ECCS in Ahmednagar</td>
<td>213</td>
<td>210</td>
<td>210</td>
<td>212</td>
<td>215</td>
<td>212.0</td>
<td>0.94</td>
</tr>
<tr>
<td>5</td>
<td>% to Total society to ECCS in Maharashtra</td>
<td>4.17</td>
<td>4</td>
<td>3.88</td>
<td>3.72</td>
<td>3.59</td>
<td>3.9</td>
<td>-13.91</td>
</tr>
<tr>
<td>6</td>
<td>% to Total society to ECCS in Ahmednagar district</td>
<td>2.94</td>
<td>2.93</td>
<td>2.93</td>
<td>2.96</td>
<td>2.98</td>
<td>2.9</td>
<td>1.36</td>
</tr>
</tbody>
</table>

Source:- Economic survey of Maharashtra 2003-2007

Notes :- All figures in amount columns are for the financial Year ending on 31st March, 2007.
The above table No. 2.06 shows a comparative position of the co-operative movement in Maharashtra and Ahmednagar District during the study period. As regards to the number of co-operative societies is concerned, 173,402 co-operative societies have been registered in Maharashtra, out of them 7,248 ECCS representing 4.17% of the state of which 213 ECCS representing 2.94% in Ahmednagar District during the year 2002-03.

In the year 2006-07, the number of co-operative societies is registered, 200,740 in Maharashtra, out of them, 7,211 ECCS representing 3.59% of the state of which 215 ECCS representing 2.98% in Ahmednagar District. The number of co-operative societies in Maharashtra during the year 2002-03 was 173,402, which increased to 200,740 during the study period. The average number of co-operative societies was 185,236 for the period under study. The co-operative societies in Maharashtra have increased by 15.77% during the study period.

The number of the ECCS in Maharashtra State during the year 2002-03 was 7,248, which decreased to 7,211 during the study period. The average number of the ECCS was 7,298 for the period under study. The ECCS in Maharashtra State had decreased by 0.51% during the study period.

The number of the ECCS in Ahmednagar District during the year 2002-03 was 213, which increased to 215 during the study period. The average number of the ECCS was 212 for the period under study. The ECCS in Ahmednagar District had increased by 0.94% during the study period.

The researcher has observed a number of ECCS showing continuous decrease in Maharashtra and a slight increase in Ahmednagar District.
2.20 PROGRESS OF CO-OPERATIVE SOCIETIES AND ECCS IN MAHARASHTRA AND AHMEDNAGAR DISTRICT:

The researcher has analyzed the parameters to study the progress of Co-operative societies in Maharashtra as well as Ahmednagar in terms of number of members, share capital, reserve funds, deposit, loan outstanding, deposits and working capital. This analysis is based on financial performance of ECCS and other Co-operative societies.

Table No.2.07 Progress of Co-operative Societies and ECCS in Maharashtra and Ahmednagar District

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Items</th>
<th>Maharashtra</th>
<th>Ahmednagar</th>
<th>Share in Maharashtra a (%)</th>
<th>Maharashtra</th>
<th>Ahmednagar</th>
<th>Share in Maharashtra a (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No. Of Societies</td>
<td>200740</td>
<td>9468</td>
<td>4.72</td>
<td>7211</td>
<td>215</td>
<td>2.98</td>
</tr>
<tr>
<td>2</td>
<td>No. of Member</td>
<td>47651</td>
<td>3092</td>
<td>6.49</td>
<td>3032</td>
<td>102</td>
<td>3.36</td>
</tr>
<tr>
<td>3</td>
<td>Paid up capital</td>
<td>12565</td>
<td>622.63</td>
<td>4.96</td>
<td>197533</td>
<td>14727</td>
<td>7.46</td>
</tr>
<tr>
<td>4</td>
<td>Reserve fund and other fund</td>
<td>36366</td>
<td>826.49</td>
<td>2.27</td>
<td>309829</td>
<td>6458</td>
<td>2.08</td>
</tr>
<tr>
<td>5</td>
<td>Deposits</td>
<td>99792</td>
<td>5239.27</td>
<td>5.25</td>
<td>245376</td>
<td>18745</td>
<td>7.64</td>
</tr>
<tr>
<td>6</td>
<td>Loans Outstanding</td>
<td>57288</td>
<td>808.06</td>
<td>1.41</td>
<td>569788</td>
<td>41983</td>
<td>7.37</td>
</tr>
<tr>
<td>7</td>
<td>Working Capital</td>
<td>202207</td>
<td>8830.35</td>
<td>4.37</td>
<td>806465</td>
<td>56654</td>
<td>7.02</td>
</tr>
</tbody>
</table>

Source:- Economic survey of Maharashtra 2007

Notes -: All figures in amount columns are for the financial Year ending on 31st March, 2007.

* Total co-operative societies members in Lakhs and other in Crore.

** Total ECCS Members in thousands and other items in Lakhs.
The Table No. 2.07 reveals the progress of co-operative societies in Maharashtra and Ahmednagar District. As far as the number of societies is concerned, there are 200740 co-operative societies in Maharashtra out of which 9468(4.72%) are in Ahmednagar District.

The number of members is 47.65 Lakhs in Maharashtra out of which 3.09Lakh (6.49%) is in Ahmednagar in the year 2006-07. The total paid up capital of the co-operative society in Maharashtra was Rs. 12565 Crore out of which Rs.622.63 Lakhs (4.96%) was in Ahmednagar District. The reserve fund and other fund of co-operative societies in Maharashtra were Rs.36366 Crore out of which Rs.826.49 Lakhs (2.27%) were in Ahmednagar District. The deposits of co-operative societies in Maharashtra were Rs.99792 Crore out of which Rs.5239.27 Lakhs (5.25%) were in Ahmednagar District. The total loan out standings of co-operative societies in Maharashtra were Rs.55288 crores out of which Rs. 808.06 Lakhs (1.41%) were in Ahmednagar District and the working capital of the co-operative societies in Maharashtra was Rs. 202207crores out of which Rs.8830.35 Lakhs (4.37%) was in Ahmednagar District in the year 2006-07.

The above table shows the Progress of the ECCS in Maharashtra and Ahmednagar District. As far as the number of societies is concerned, there were 7211 ECCS in Maharashtra, out of them 215 (2.98%) ECCS were in Ahmednagar district. The number of members of the ECCS is 30.32 Lakhs in Maharashtra out of which Rs. 1.02 Lakhs (3.36%) is in Ahmednagar in the year 2006-07. The total paid up capital of ECCS in Maharashtra was Rs.1975.33Lakhs out of which Rs.147.27 Lakhs (7.56%) was in Ahmednagar District. The reserve fund and other funds of the ECCS in Maharashtra were Rs. 3098.29 Lakhs out of which Rs. 64.58 Lakhs (2.08%) were in Ahmednagar District. The deposit of co-operative societies in Maharashtra was Rs.2453.76 Lakhs out of which Rs.187.45 Lakhs (5.38%) was in Ahmednagar District. The total loan out standings of co-operative societies in Maharashtra were Rs.5697.88 Lakhs out of which Rs. 419.83Lakhs(7.37%) were
in Ahmednagar District and the working capital of co-operative societies in Maharashtra was Rs. 8064.65 Lakhs out of which Rs.556.54 Lakhs(7.02%) was in Ahmednagar District in the year 2006-07.

This present study gives an overview of the history and theory of co-operation and co-operative movement in Maharashtra in general and especially, in Ahmednagar district. It also gives information about the origin, features, significance of ECCS and co-operation. It contains the working, growth and progress of ECCS. It serves as a comparative study between the state level (Maharashtra) and district level (Ahmednagar). The regional imbalances of the development of the ECCS in Maharashtra state and Ahmednagar district have been studied.

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