CHAPTER - 1

INTRODUCTION
### CHAPTER 1

#### INTRODUCTION

**CHAPTER AT A GLANCE**

1.0  CO-OPERATION - THE ORIGIN AND DEVELOPMENT

1.1  CO-OPERATION - THE CONCEPT

1.2  CO-OPERATION - THE FEATURES

1.3  INDIA'S CO-OPERATIVE MOVEMENT, IT'S DEVELOPMENT

   1.3.1  CO-OPERATIVE MOVEMENT PRIOR TO 1904

   1.3.2  CO-OPERATIVE MOVEMENT 1904 – 1912

   1.3.3  CO-OPERATIVE MOVEMENT PRIOR TO 1912-1919

   1.3.4  CO-OPERATIVE MOVEMENT PRIOR TO 1919-1929

   1.3.5  CO-OPERATIVE MOVEMENT – 1929-1939

   1.3.6  CO-OPERATIVE MOVEMENT – 1939-1647

   1.3.7  CO-OPERATION AFTER INDEPENDENCE

   1.3.8  PRESENT POSITION

1.4  CLASSIFICATION OF CO-OPERATIVE SOCIETIES

   1.4.1  CO-OPERATIVE CREDIT SOCIETIES : THEIR OBJECTIVES AND FUNCTIONS
1.5 REVIEW OF LITERATURE

1.6 THE STUDY

1.7 BACKGROUND OF THE STUDY

1.8 SCOPE OF THE STUDY

1.9 THE OBJECTIVES OF THE STUDY

1.10 THE HYPOTHESIS

1.11 RESEARCH METHODOLOGY
   1.11.1 SAMPLING FRAMEWORK
   1.11.2 SOURCES OF DATA COLLECTION
   1.11.3 METHODS OF ANALYSIS

1.12 CHAPTER SCHEME OF THE STUDY
Chapter 1

INTRODUCTION

1.0 Co-operation – The Origin and Development

The Planners of the country consider co-operation as an instrument of economic development of the disadvantaged particularly in the rural areas. The continuous strategic and planned efforts for the healthy growth of this movement in the country have resulted in spectacular progress of co-operative movement in the recent years. However, for becoming a vital force in shaping the feature of the country, it has to become a movement of masses – motivated and animated by the true spirit of co-operative.

Co-operation is much older than the mankind. Formation of social groups is the outcome of reflexive co-operation, while the life of ants, bees, wasp, lions etc. provide the best example of instinctive co-operation. The practice of instinctive co-operation has contributed to the development of human race more than any other factor. Right from the hunting age upto the present day the progress and development of human beings, in any spheres, social, economic, religious and political is marked by sense of thinking and living together. In India throughout the ages, the people and communities worked together on an informal co-operative basis with regard to their religious, social, economic and cultural life.

As has been rightly pointed out in Rigveda that “May you all have common purpose. May your hearts be in union. May you all be the same mind. So that you can do work efficiently well”. In other words co-operation means to work
together to achieve common purpose. But co-operation, in the true sense is
new economic philosophy developed against inequality. It developed as a new
concept to eradicate economic inequality from the society in modern times.
Co-operation promotes voluntary associations of individuals having common
needs who combine towards the achievement of common economic ends.

1.1 Co-operation - The Concept

"An association for the purpose of joint trading, originating among the
weak and conducted always in an unselfish spirit, on such terms that all who
are prepared to assume the duties of membership may share in its rewards, in
proportion to the degree in which they make use of their association." (Dr.
C.R.Fay)$^3$

"A form of organisation wherein the persons voluntarily associate
together as human beings on a basis of equality for the promotion of economic
interests of themselves." (Mr. Calvert)$^4$

"An association of the weak who gather together on common economic
needs and try to lift themselves and other out of weakness into strength,
through business organisation, conducted for the common benefit of all who
joint it." (Mr. Talmaki)$^5$

"Co-operation is self-help as well as mutual-help. It is a joint
association or enterprise of those who are not financially strong and are unable
to stand on their own legs and therefore, come together not with a view to get
profits but to overcome disability arising out of want of adequate financial resources and thus better their economic conditions." (Prof. V. L. Mehta)

From the above definitions it is clear that a co-operative society is a voluntary and democratic association of persons with common economic need, working on the basis of equality, self-help and mutual-help.

1.2 Co-operation - The Features

In the light of the above definitions the chief features of co-operative may be listed as under :

(1) An association of persons

A co-operative society is an association of several persons like a joint stock company. The persons who associate together contribute capital in the shape of shares. In co-operatives, it is man that counts much, not money. More emphasis is given on man and not on capital, he contributes.

(2) A business enterprise

A co-operative society is not a charitable enterprise. It is a form of business organisation coupled with profit and risk. The members or shareholders in the society posses a common interest and have common need to satisfy.

(3) A voluntary organisation

The element of coercion is absent in a co-operative organisation. Admission and retirement of members in the society is completely voluntary.
(4) A democratic association

A co-operative society is managed democratically. Every member has one and only one vote to exercise irrespective of the number of shares held by him.

(5) The motto is to serve rather than to earn

Although the element of profit is attached to a co-operative society, the main aim of the co-operation is service. Provision of maximum service is the prime objective of co-operatives.

(6) Key-note of co-operation is mutual-help

The key-note of co-operation is mutual-help and self-help and its slogan is, “Each for all and all for each”.

(7) The basis is equality and equity

One of the important features of co-operative enterprise is equity and equality. Its members are placed on the basis of equality, irrespective of their differences in race, religion, colour, creed, social status, political standing and financial position.

The distinctive features of co-operative society is that the surplus or profit is distributed not according to share holdings but according to the proportion of business operations transacted by the members during the given period.

(8) Aims at socio-economic change

The co-operative movement aims at a socio-economic change through peaceful means. It becomes a part and parcel of our socio-economic movement.
Service to community

The important feature of co-operative enterprise is not only to serve its members for economic upliftment but also to serve the community at large.

1.3 India's Co-operative Movement – It's Development

The historical analysis of the co-operative movement is made by dividing the period into different phases.

1.3.1 Co-operative Movement Prior to 1904

The credit for starting first co-operative institution goes to England under Owens initiative. The first model society was founded by the Rochdale pioneers a group weavers. When the movement spread to Europe particularly to Germany it got the full sanction of the Government. The Raffieson societies, that started in Germany are of special significance for Indian co-operative movement. The acceptance of co-operation by communist Russia after 1917 is a landmark in the history of the movement. Co-operation is not new to India. In ancient India it took four principal forms, Kula, Grama, Sreni and Jati. ‘Kula’ was the first form of co-operative activity that merged in Indian society. With the expansion and stabilisation of society, the aspect of economic and social co-operation gradually narrowed to the limits of ‘Joint family’ which has survived to the present day.

Co-operation at the level of Grama emerged after ‘Kula’ become a stabilised unit. The ‘Grama Sabha’ was a co-operative organisation which undertook works for economic and social progress of the village.
The 'Sreni' is later development which emerged in the post vedic era. It was co-operative and economic organisation of artisans, industrial and handicraft workers, merchants, traders and bankers, agriculturists. 'Sreni' worker not only as banker and merchant but also charitable institutions. Cooperation at the level of 'Jati' was mostly for social purpose as education charity and relief work. During the last 90 years the movement has passed many ups and downs.

1.3.2 Co-operative Movement 1904 – 1912

The act of 1904 provides great impetus for organisation of primary credit societies and stress was laid on the promotion of agricultural credit by 1912, 8187 societies with membership over 4 lakhs and working capital of Rs 3357.7 lakhs were organised.

1.3.3 Co-operative Movement 1912-1919

The defects of 1904 Act were remedied in 1912 when another co-operative societies Act enacted.

During the period there was a rapid growth not only in the number of co-operative credit societies but also in non-agricultural credit-societies and in their membership. The growth was rapid in Madras, Bombay, Punjab and West Bengal compared to other states. In 1914 the Government appointed Edward Maclagan to suggest improvement. The report was submitted in 1915, the report advised to stop nasty organisation of societies, stressed the moral side of the movement. In 1919 there were 28000 societies. “The period between 1904 may be taken as the period of Intial Efforts and Planning.”
1.3.4 Co-operative Movement 1919-1929

With the introduction of Reforms Act of 1919, after the end of first World War, co-operation become a provincial subject and was kept in change of provincial Minister. During this period Royal Commission on Agriculture, The Central and Provincial Banking Enquiry committees and others. They made valuable contributions to co-operative thought and practice.

1.3.5 Co-operative Movement 1929-1939

The great depression of 1930 gave tremendous setback to co-operative activity. The main causes of failure of the co-operative movement were the lack of education, lack of adequate supervision and guidance, as a pointed out by the Royal Commission. And further the Commission had remarked that “If co-operation fails, there will be failure of the best hoped of rural India”.

A significant event of this period was the establishment of the Reserve Bank of India in 1935 and its Agricultural Credit Department. The period was considered to be the period of Consolidation and Reorganisation.

1.3.6 Co-operative Movement 1939-1947

An important land mark of this period was the setting up of the co-operative Planning Committee under the Chairmanship of Shri R. G. Sareiya who had suggested that “The supply of credit touched only one aspect of life of cultivator, the activities of the primary societies should be so extended as to cover the whole of his life”\(^8\). This period was treated to be the period of Recovery.
1.3.7 Co-operative Movement After Independence

The most important event in the history of the co-operative movement in India since independence was the appointment of Rural Credit Survey Committee by the Reserve Bank of India in 1951 in its report submitted in 1954, it revealed that in the field of rural credit, inspite of half a century co-operative efforts, the private agencies still reigned supreme and institutional agencies for credit played only an insignificant part. The co-operatives supply only 3.5 percent of the total borrowings of the agriculturists.

The committee recommended on integrated scheme of rural credit which include state partnership, creation of special funds with Reserve Bank of India known as National Agricultural Credit fund, (stabilisation) and National Agricultural Credit (Relief and Guarantee) Fund, establishment of large size credit societies, linking of credit with marketing training of co-operative personnel and effective supervision and audit.

As on 1951 there were 1,15,462 Primary Agricultural Credit societies and their membership was 51.54 lakhs. The average working capital of these societies was Rs. 3,547. The societies advanced Rs 22.90 crores during 1951. The percentage of rural population served by these societies was 10.30 per cent.

In 1960-61 there were 3.32 lakhs societies and their membership was 342 lakhs. These societies covered rural population 24 per cent. The average working capital per society was Rs.12,913. The societies advanced loans Rs.203 crore.
The All India Rural Credit Review Committee was set-up by Reserve Bank of India for reviewing the supply of rural credit under the chairmanship of Shri V.B. Venkatappain. The committee recommended for:

1. The re-organisation of rural credit in the Reserve Bank of India, involving the establishment of an Agricultural Credit Board.
2. The setting-up of Small Farmer's Development Agency in selected districts throughout the country.
3. The formulation of more active and much bigger role for agriculture Refinance co-operation and the adoption of various measures for ensuring the timely and adequate flow of credit for agriculture through co-operation.

In 1969-70 the membership of Primary Credit Societies was 30.00 million. The coverage of agricultural families was 45 percent. The societies advanced loans Rs. 550 crores.

The key-note of the co-operative movement during the fifth plan was "growth with social justice". Hence more attention was given to consolidate and strengthen the co-operative to make them viable democratic economic institutions. Special attention was paid for economic upliftment of the small and marginal farmers and the weaker sections through co-operation.
Table No. 1.1

Co-operative Credit Targets and Achievements
During the Fifth Five Year Plan

<table>
<thead>
<tr>
<th>Activity</th>
<th>Target</th>
<th>Achievement</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Distribution of short–term credit</td>
<td>1200</td>
<td>1262</td>
</tr>
<tr>
<td>(2) Distribution of medium term credit</td>
<td>350</td>
<td>753</td>
</tr>
<tr>
<td>(3) Investment of loan term credit</td>
<td>1130</td>
<td>1095</td>
</tr>
<tr>
<td>(4) Agricultural produce marketed</td>
<td>1000</td>
<td>1334</td>
</tr>
<tr>
<td>(5) Fertiliser distribution</td>
<td>1000</td>
<td>900</td>
</tr>
<tr>
<td>(6) Distribution of seeds, pesticides and agricultural machinery</td>
<td>200</td>
<td>115</td>
</tr>
<tr>
<td>(7) Co-operative processing units</td>
<td>1900</td>
<td>1900</td>
</tr>
<tr>
<td>(8) Storage capacity at the end of 1978-79 (Lakh tonnes)</td>
<td>50</td>
<td>45</td>
</tr>
<tr>
<td>(9) Distribution of consumer goods</td>
<td>1200</td>
<td>1250</td>
</tr>
</tbody>
</table>

Source: Extract from Different Five Year Plans.

In the seventh plan great importance was given to co-operatives. It was expected that the primary agricultural credit societies to serve as multipurpose viable units rather than mere credit agencies. By 30th June 1980 there are 3.1 lakh of co-operatives of all types, with 860 lakh of members with share capital of Rs 1,679 crores and working capital of Rs 13,789 crores. The turnover of co-operative activity exceeds Rs 15,000 crores per year that is 25 per cent of the total National Income. Co-operatives have covered more than 80 million people, 98 per cent of total villages and 50 per cent of families. Credit co-operative supply 35 per cent of total credit required by agriculturists.9 (It was 3.1 per cent in 1954).

Co-operative Movement 1992-97

Table No 1.2 shows the performance of agricultural credit societies.
Table No 1.2
Co-operative Credit for Agricultural Sector

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Short term loan</td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
<td>(6)</td>
</tr>
<tr>
<td>1. Short term loan</td>
<td>7839</td>
<td>9462</td>
<td>8331</td>
<td>9750</td>
<td>11500</td>
</tr>
<tr>
<td>2. Medium term and long term loan</td>
<td>2278</td>
<td>2454</td>
<td>2148</td>
<td>2729</td>
<td>3275</td>
</tr>
<tr>
<td>Total</td>
<td>10117</td>
<td>11916</td>
<td>10479</td>
<td>12479</td>
<td>14775</td>
</tr>
</tbody>
</table>

Source: Extract From Different Five Year Plans

1.3.8 Present Position

At present, there are 14 National Level Co-operative Federations in India. There is a National Level Co-operative Union and National Council for co-operative training. There are 24 state Level co-operative Unions, a National Level Training Institution for co-operative management at Poona, 26 state co-operative Banks and 344 District Central co-operative Banks. There are 19 state Land Development Banks and about 2000 Primary Land Development Banks and it's branches. Important Sectors where co-operatives are found are credit, marketing, industries, housing, transport, irrigation, co-operative for weaker section that is PACS, LAMPS, co-operative rural banks, dairy, poultry, fishery, labour etc. Some co-operatives have also adopted villages for all round development.

1.4 Structure of co-operative Institutions

With the development of co-operative movement, a large number of co-operative societies are being organised. These societies may be divided into various classes according to their functions, special features of organisation, structure and management of each class. These classes are:

A. Agricultural Credit Co-operatives
B. Non - agricultural Credit Co-operatives
These includes:
1. Co-operative Marketing
2. Housing Co-operatives
3. Dairy Co-operatives
4. Consumers Co-operatives

**Credit Institutions**

The origin of co-operative movement in India is the agricultural credit co-operative movement. Agriculturists want credit for cultivation because they are economically poor. Agricultural credit co-operatives in India are the oldest and most important forms of co-operative organisations.

**Classification of Credit Co-operatives**

Credit co-operatives can be classified, first according to the purpose i.e.

a) Agricultural credit co-operatives and

b) Non agricultural credit co-operatives.

Agricultural Credit co-operatives again can be classified according to the period of credit that is :-

1) **Short – term**

   Short – term credit is usually provided for a period ranging between 12 to 15 months for meeting the cost of seasonal agricultural operations like seed, manure, agricultural implements etc. The credit is provided at the beginning of season and is recovered after harvest out of the sale proceeds of the crop. It is usually known as Crop-loan.
2) **Medium – term**

Medium – term loans are made available for periods exceeding 15 months to 5 years for purchase of bullocks, Carts and other implements. It is also available for consolidation of holdings, reclamation of land and sinking of ordinary wells etc.

3) **Long – term**

Long – term loans are granted for a period exceeding 5 years to make permanent improvement of land, reclamation of waste-land, sinking of tube-wells, purchase of tractors etc. Normally, it is repaid within a maximum period of 20 years.

Short and medium –term loans are provided by agricultural credit societies while the long – term credit is provided by co-operative land development banks. Short – term credit is offered on personal security or on the security of the crop. Whereas medium and long – term credit are given usually on the mortgage of land.

**Agricultural Credit Co-operative Structure**

In India the short and medium – term agricultural credit co-operative structure consists of three tier. They are primary credit societies at the village level, central co-operative banks at district level and state co-operative banks (Apex-banks) at the state level.

On the other hand, the long – term agricultural credit co-operative structure consists of two tier. They are, primary co-operative land development banks at sub-divisional level and the state co-operative land development banks of the state level (Previously they were known as land mortgage banks).
Short – term and Medium – Term Co-operative Credit

It is three tier system. At the village level, there are primary co-operative credit societies, which are generally affiliated to District Central Co-operative Banks (One each in every district). The district Central Co-operative Banks (One each in every State), also known as Apex Co-operative Banks. Thus, this segment of rural credit forms a pyramid and strength of each part depends on the strength of each of the three parts.

Long – Term Credit Structure

The credit societies were providing only short – term and medium – term loans. For provision of long – term loans, a separate structure that is Land Mortgage Banking was developed.

In India the first land mortgage bank was established in 1920 in Punjab. Until the beginning of planning in India, the land mortgage banks have paid attention towards the redemption of old debts and paid little attention for the development of agriculture and land. In fact, from the Third Plan the Policy was oriented towards development purpose and the banks are renamed as Land Development Banks.

Structure

Two types of structural pattern's have been adopted for land development banking in the World that is, unitary and federal. In India land development banking was started with the establishment of primary land development banks as independent units. But soon after it was realised and
different committees recommended for a two-tier federal structure. At present we find the two-tier federal structure has come to stay in all over the country. The primary land development banks at the level of district of sub divisions and state co-operative land development banks at the level of each state. The primaries are affiliated to the concerned state co-operative land development bank. There is a three-tier structure also in some states like Jammu and Kashmir. In Andhra Pradesh and Rajasthan, there are two state co-operative land development banks each, while in Madhya Pradesh the land development banking section of the state co-operative bank continued to function as the state land development bank. In Tripura and Himachal Pradesh it is established in unitary pattern. However, at present there are 25 state co-operative land development banks working in the country.

Chart No. 1.1
Structure of Co-operative Credit

- Short and Medium Term
  - In Each State
    - State Co-operative Bank
      - In Each District
        - Central Co-operative Bank
          - In Each Village
            - Primary Credit Societies

- Long Term
  - In Each State
    - State Co-operative Land Development Bank
      - In Each Sub-division
        - Primary Land Development Bank

- 15 -
1.4.1 Co-operative Credit Societies: Their Objectives & Functions

The main function of the Credit Societies are to provide short and medium term credit for agriculture and other production requirements and undertake marketing of agricultural produce. In addition to these the co-operatives help in formulating and implementing a Plan for agricultural production for the village and undertake such educative, advisory and welfare functions as the members might be willing to take up. The societies are also expected to inculcate the habit of thriftiness and saving among their members.

According to the committee on Co-operative Credit (1960), The Credit Society should render certain services and correspondingly discharge certain obligations. Among the more important functions are the following:

1. To associate itself with programme of production.
2. To lend adequate amount to members for their agricultural and consumption purpose limited to their paying capacity.
3. To borrow adequate funds from the central financial agencies for helping the members adequately for the above purpose.
4. To attract local savings for share capital and fixed deposits.
5. To supervise the use of loans (especially medium-term loans) and to see that they are paid punctually.
6. To distribute fertilisers, seeds, insecticides, agricultural implements etc.
7. To supply certain consumer goods in common demand such as kerosene, sugar etc.
8. To store the produce of the members till it is sold.
9. To collect or purchase produce, where necessary, on behalf of consumers society, marketing society or government.

10. To associate itself with programme of economic and social welfare for the village.

1.5 **Review of Literature**

Development of agriculture plays an important role in the development of Indian economy. The development of agriculture depends upon the availability of adequate credit in the right time. In fact in case of India, interest in the problems of agricultural credit, especially agricultural Co-operative Credit, can be traced back to 1904, when the first Co-operative Act was passed in India, that is the Co-operative Credit Societies Act. The main objective of this Act was to provide for the constitution and control of Co-operative Credit Societies organisational structure as well as its aims.

However, barring some isolated attempts of the individual research workers major part of the study of Co-operative Credit was organised by the various committees appointed by the Government of India and the Reserve bank of India for the purpose.

_The Deccan Commission on Agriculture (1875)_

The Deccan Commission on Agriculture (1875) made an earliest study on the problem of rural credit. The Committee strongly advocated an easy supply of credit.
Sir William Weddersburn and Justice Ranade (1882)\textsuperscript{11} :-

Sir William Weddersburn and Justice Ranade (1882) who after thorough grasp of the need of credit to the agriculture prepared a scheme for starting agricultural banks. Deccan Agriculturists Relief Act (1879), Land Improvement Loans Act (1883) and Agriculturists Loan Act (1884) provided provisions under which the agriculturists were supplied money by the Government for productive purpose.

Nicholson F.D. (1892)\textsuperscript{12} :-

In his study after touring extensively the European countries as to various methods they adopted to rural credit strongly suggested for introduction of Co-operative Credit Societies.

The Famine Commission (1901)\textsuperscript{13} :-

Felt that it was essential that credit should be made available to the farmers to improve agriculture.

The Study of Maclagan (1914)\textsuperscript{14} :-

The study of Maclagan was really a break through on Co-operative movement which examine co-operative credit from grass roots, in order to make rural credit societies truly co-operative. He made number of points and identified defects on the way to co-operative movement. He submitted his report in 11915 which was considered as historical documents in the co-operative movement.

- 18 -
The Royal Commission on Agriculture (1928)\textsuperscript{15} :-

Emphasised the lack of requisite and adequate supervision and guidance. The Commission rightly remarked that "The Indian Peasant is born in debt dies in debt and bequeaths debt".

The Reserve Bank of India (1936)\textsuperscript{16} :-

Soon after its establishment studied the existing set up of co-operative organisation. The R.B.I. in its report in 1936 made certain recommendations in respect of co-operative movement. It favoured conversion of credit societies in to multi-purpose societies.

The Vijayaranghayacharya Committee on Co-operation (1940)\textsuperscript{17} :-

Appointed by the Govt. of Madras State examined the effects of depression on co-operative movement while making suggestions for their reconstruction. The Committee recommended the expansion of rural credit movement, to from large size societies etc.

The Food and Agricultural Organisation (1966)\textsuperscript{18} :-

On its agricultural studies particularly on co-operative credit in India is worth study. It is more appropriate to quote here the observations of its study "The farmer who needs long term credit is very often also in need of short term and medium term credit since his paying capacity is one. All institutions providing loans to him must depend on his one and only repayment capacity".
Gadgil D.R. (1944)\(^{19}\) :-

The Chairman of Agricultural Finance Sub-committee reported in his studies in 1945 that the co-operative developments were not uniform in different provinces and recommended the establishment of Agricultural Credit Corporation for each province.

The Report of the Co-operative Planning Committee (1946)\(^{20}\) :-

(Under the Chairmanship of R.G. Sereiya) The Report pointed out that, “The main cause of the limited progress of the movement was the fact that it did not especially in its initial stages, take the life of the individual as a whole”. He recommended that the primary credit societies should be so reformed and reorganised so as to serve centers for the general economic development of their members.

All India Rural Credit Survey Committee (1954)\(^{21}\) :-

Emphasised the problem of competition from private individuals and other institutions. It remarked that “The Co-operative form of organisation has to take not merely the competition but also in large degree to the positive opposition of powerful array of non co-operative private individuals and institutions.

All India Rural Credit Review Committee (1969)\(^{22}\) :-

Recommended that efforts should be made to encourage the evolution of structural pattern for co-operative long term agricultural credit under which independent units will function at the primary level, managed by qualified, trained and efficient staff.
Many scholars have attempted to analyse the impact of institutional rural credit on the socio-economic status of the rural masses of India. Some scholars have been taken to examine the impact of institutional rural credit, at Micro as well as Macro levels. These studies have attempted to identify the reasons responsible for improper utilisation of rural credit and also analysed the reasons of default in repayment of loans.

These studies have been classified into the following categories:-

(1) Micro Level Studies
(2) Macro Level Studies
(3) Regional Level Studies

(1) **Micro Level Studies**

**Kumar and Kahlon (1973)**\(^{23}\):

Concluded that small farmers were defaulters because of poor repaying capacity whereas large framers were simply wilful defaulters.

**Grewal and Rangi (1978)**\(^{24}\):

Revealed that the alarming over dues position (61.8 per cent) of co-operative credit societies in different districts in Punjab concluded that it is due to poor management of co-operative societies.

**Singh and Dhavan (1978)**\(^{25}\):

Observed that about 43 per cent of the short term borrowings were diverted for unspecified purposes by the small farmers.
Singh (1980)\textsuperscript{26} :-

Estimated the extent of over dues of different categories of farmers and the cause of such over dues. He concluded that out of 34 small (84.17 per cent), 29 medium (85.29 per cent) and 14 large (82.25 per cent) farmer borrowers, 26 small (66.65 per cent), 14 medium (41.17 per cent) and 5 large (29.40 per cent) farmers were found to be defaulters. The over dues position per hectare was Rs.93.00, Rs.56.88 and Rs.17.27 for small, medium and large farmers respectively and hence indicated negative correlation with the size of holdings. He further indicated that the wilful defaulters was mainly large farmers because they did not repay loans inspite of their repaying capacity of Rs.7717 per defaulter as against the over dues amount of Rs.3597 per defaulter.

Pandey and Murlidharan (1980)\textsuperscript{27} :-

Concluded that even though the number is higher amongst marginal and small farmers as compared to the medium and large farmers their share in the total amount of over dues is very much less as compared to the medium and large farmers. Medium and big farmers were the major chronic ones that is with overdues. The study further revealed that bulk of the defaulters were wilful accounting for high percentage of total defaulters (59.63 per cent). Wilful defaulters mainly belonged to the higher castes (73.85 per cent), the literate group (75.68 per cent) and had higher operated size of holdings (85.29 per cent). Whereas non wilful defaulters belonged to the middle class (67 per cent) were illiterate (74.29 per cent) and had lower size of holdings (73.68 per cent).
Kurulkar (1983)\textsuperscript{28} :-

Studied the problems of long term co-operative credit availability and its utilisation in a backward region like Aurangabad district in Maharashtra. The financial feasibility of the farm investment and the repaying capacity of borrowers are assessed. The author finally suggests that the small farmers should be completely exempted from paying the enquiry fees and mortgage fee bond and from making a contribution to the building fund. An equally interesting finding is that the misutilisation of the borrowings is not of an alarming magnitude in the case of the selected borrowers.

Kalyankar (1983)\textsuperscript{29} :-

Pointed out that overdues accounted for 55 per cent of total outstanding and between overdues and annual rainfall was negative. Cropping intensity, area under irrigation and proportion of cash crops to total cropped areas were negatively associated with overdues. A positive relationship between overdues and landholdings and family consumption expenditure was established, 80 per cent of the total volume of overdues was defaulted by the wilful defaulters. Lower the operational size of holding, higher was the probability of becoming a non wilful defaulter.

Negi (1989)\textsuperscript{30} :-

Revealed that various problems relating to institutional credit. These are failure on the part of member borrowers to repay the loan promptly, inefficient management and inadequate supervision over the working of primary societies, mis-utilisation of co-operative credit and diversion from productive to
unproductive uses. Problem of overdues forced tending policies implemented merely for achieving statistical targets, lack of co-ordination between co-operative institutions and nationalised banks. The study concluded that 101 borrowers out of 135 utilised full part of the loan for the required purpose and remaining 34 borrowers out of 135 had partly spent the loan on consumption items.

Ranga Reddy (1990)\textsuperscript{31} :-

Examined that of the 192 sample defaulters, 36 per cent are wilful defaulters. There is a significant variation in the level of default between different size groups of farmers and between regions. This incidence of defaulters is more among growers of food crops rather than non-food crops households. Nearly two-third of the defaulters have agriculture as their occupation. Social consumption and crop failure are the major factors affecting the delinquency of unwilful defaulters. 63 per cent of the defaulters are literate. Attitudinal relating to the willingness to repay are quite favourable among the samples.

Kulkarni P.B (1991)\textsuperscript{32} :-

Examined the distortions in co-operation in the Sangli district of Maharashtra during the period 1960 to 1985. His study is a combination of a case study and sample survey. It is a case study because it took co-operative movement in the district for intensive examination over a period of 25 years. It assumed the nature of sample survey because it dealt with a selected sample of different co-operative units belonging to different sectors and different talukas of the district.
His analysis of secondary data revealed a multi dimensional picture of imbalances in the growth of co-operative movement with reference to national level, the state level and district level. He suggested to have some kind of an agency at the taluka level to achieve inter regional and intersectoral balanced development of co-operative movement.

Jugale V.B. (1992):-

Examined co-operatives in Indian Agriculture. (In this study the unit under study is Shirol taluka, district Kolhapur of Maharashtra State). The study concentrates on P.A.C.S. credit to agriculture and its impact on socio-economic and technological aspects of agricultural sector and revealed that credit is responsible to transform the cropping and land use pattern with remarkable increase ion the productivity and employment in farm and non farm activities. Even today P.A.C.S. are the only agents of DCCBS. The local savings are not effectively collected by these institutions.

Jadhav J.G. (1993):-

Has made an attempt to evaluate the performance of the primary agricultural co-operative credit societies with special reference to Raigad district of Maharashtra. For the evaluation study, he has taken different variables like membership, share capital, deposits, reserve funds, borrowings, overdues of loans, outstanding etc. He compared these variables as regards to the Panvel taluka and Raigad district.
In his study, "Performance and Prospect of Agricultural Credit Societies in Block Bilhaur District (Kanpur Dhat of U.P.)", he concluded that, inspite of availability of several financial institutions in the study area the farmers have positive opinion to become the members of co-operative societies. This leads to increase in the deposits and amount of loan sanctioned. However, almost recovery per cent ratio over period of time is serious concern for the official of the co-operative financial institutions, which calls for an efficient monitoring for proper utilisation of loan amount to ensure timely repayment there of.

In the study of “Performance and Challenges of Co-operative Credit in the context of Sustainable Rural Development", revealed that the co-operatives are best suited for providing integrated credit and acting as agent of rural development.

(2) Macro Level Studies

Srinivasan (1954) :-

Analysed various problems relating to the institutional credit. He identified these problems such as lack of knowledge and ability to contact and communication gap etc.

Naidu (1968) :-

Concluded that co-operative credit movement has registered a significant progress during the period 1951-61. The credit supplied by co-operatives is biased in favour of the big farmers. The small cultivators got only 11 to 12 per cent of their total borrowings from the co-operatives.
Bhatt (1971)\textsuperscript{39} :-

Analysed that the extent of diversion of long term loans was 37 per cent in Madhya Pradesh, 21 per cent in Orissa and 11 per cent in Gujarat where cooperatives have a strong foundation.

Planning Commission (1975)\textsuperscript{40} :-

 Revealed that 23 per cent of the short term credit and 35 per cent of medium term credit were diverted to purposes other than those for which credit was advanced.

The Results of the Reserve Bank of India (1971-78)\textsuperscript{41} :-

Survey indicated that borrowings from three institutional agencies were 2.17 per cent of the total cash borrowings of the cultivator household. Despite some differences in the results of both these surveys, it is inferred that compared to 1961-62 borrowings of cultivators from institutional agencies have increased in the early seventies in the country and also the supply of institutional credit for agriculture.

Belshow and Gadgil (1978)\textsuperscript{42} :-

Concluded that the institutional credit differ from non-institutional credit mainly on the ground of supervision over the end use of credit. It may be stated that lack of supervision leads to mis-utilisation of credit and sometimes results in non repayment of institutional dues.
R.B.I. Review Committee (1981)\textsuperscript{43} :-

Reviewed that the aggregate study of institution for credit agriculture during the Fifth Five Year Plan has been evaluated in the two publications of the R.B.I. In this context, the committee pointed out that the primary agricultural credit societies has almost achieved the level of total lending expected to be achieved by 1979 by the end of June 1977, itself.

Choubey (1983)\textsuperscript{44} :-

Revealed that the National Bank for Agriculture and Rural Development (NABARD) is required to pay special attention on the de-politicization of the agricultural credit infrastructure and professionalise the management of credit agencies, particularly the co-operative credit structure through systematic manpower development plans. He suggested that NABARD may help the agricultural and rural sector in rising their productivity at reasonable faster rate and it may not become another addition to the already long chain of institutional agencies for giving farm credit.

NABARD (1984)\textsuperscript{45} :-

The study conducted by NABARD concluded that the level of overdues was higher for investment credit (term loans) than for crop loans (short term credit). A considerable proportion (30 per cent to 50 per cent) default in respect of investment credit extended by Primary Land Development Banks was over five years old, whereas in the case of short term crop loans borrowed from Primary Agricultural Credit Societies it was typically less than 2 years. Big farmers defaulted more than small farmer members who made partial payment
and those who defaulted on the entire amount, constituted 25 per cent and 35 per cent respectively of the total borrowers.

Pany (1985)\textsuperscript{46} :-

Concluded that in the recent years in all parts of the country, there has been rapid increase in the borrowings of cultivators from institutional credit agencies. But though there is welcome trend towards more equitable distribution of credit between different size groups of farmers, there are great regional variations in the flow of such credits which has often granted to relatively better of states and better of regions within the same state.

\textbf{(3) State Level Studies}

Baichwal P.R. (1962)\textsuperscript{47} :-

Evaluate working of the multi purpose co-operative in Mysore State. The study undertaken in 1954-55 aims at assessing the progress of multi-purpose co-operative societies in Dharwar district. He submitted detailed analysed the progress and working of the multi-purpose co-operative societies in the Mysore State. The conclusions of the study that the societies performance is not satisfactory. The financial resources of the societies gradually declined. They have to depend on external financing.

Dadhich (1977)\textsuperscript{48} :-

Made a study on agricultural co-operative credit. He made a comprehensive enquiry with a view to assess the structure of overdues in agricultural co-operative credit in Rajasthan. Its impact to study the socio-
economic factors influencing repayment of co-operative dues, to make an
enquiry into the cause of overdues at various levels and to suggest measures for minimising overdues. The period of the reference for the study was the co-operative year ended June 1968. The survey method has been used for the collection of data.

The study revealed the deteriorating position in respect of overdues in 14 districts. Thus, the issue of overdues relegated all other issues to the position of secondary importance. Therefore, the author suggested the various corrective and preventive measures like rehabilitation and revitalisation of co-operatives, enhancing their own funds and deposits rate of interest curbing diversion of credit etc.

Gupta (1978)\textsuperscript{49} :-

Assessed the extent of uneven distribution and concentration of co-operative credit in different states in India in the period between 1970-71 and 1975-76. The co-operative credit when measured in terms of per capita or per hectare, appears to be very unevenly distributed among the state. The contributory factor for such distribution is difference in technological progress between developed and under developed regions.

Reddy (1978)\textsuperscript{50} :-

Concluded that the default ratio is higher for the primary co-operatives in the less developed region as compared to those in the developed region in Andhra Pradesh.
Dharmawat (1979)\textsuperscript{51} :-

Revealed that one of the important factor affecting deposit mobilisation is identified as the saving potential of the region. Significant relationship between per capita income of the region and its per capita deposits has been observed.

Rao (1982)\textsuperscript{52} :-

Revealed that the agricultural development can not be treated as complete with the inflow of short and medium term loans for the farmers. It is now felt that all these societies should be directly linked with Credit Cooperatives and at the same times they should also maintain their separate identity.

Chakrabarti (1983)\textsuperscript{53} :-

He has made a study on agricultural credit with reference to West Bengal through the sample survey. He made an attempt to study the working of primary agricultural credit societies during the period from 1974 to 1976. The author concluded that despite a number of rural reconstruction programme in West Bengal traditional relationship between farmers, money lenders and traders still prevailed. Further he observed that a variety of factors made the recovery climate in different regions of the state is unfavourable to development of the co-operative movement.
Gaikwad and Parmar (1983)\textsuperscript{54} :-

Provided an overview of the peasant economy in India tracing the efforts made at various stages to institutionalise rural credit through the multi agency approach. The author rightly suggested that FSS must strengthen its organisation as the present organisation cannot cope up with the additional functions which the FSS has to undertake.

Subbarao (1990)\textsuperscript{55} :-

Described the prevailing institutional and agro-climatic environment of eastern Uttar Pradesh characterised by predominance of small and tented holdings and weaken uncertainty. Short term institutional (co-operative) credit appears to be unattractive.

Negi (1990)\textsuperscript{56}:-

Presented a comprehensive analysis of various issues of agricultural co-operative credit in Grahawal Himalaya region of Uttar Pradesh in particular and the country in general. His study was related to the growth rate analysis of agricultural co-operative credit, recovery, overdues, outstanding etc. In Grahwal Himalaya during 1971-81, the utilisation of agricultural co-operative credit has been assessed with the help of the survey. It was found that 49.25 per cent of borrower households did not utilise full part of the loan for intended purpose. To prevent the misuse and diversion of agricultural credit, along with other remedies, he suggested that the loans should be given not in one but two, installment should be allotted only if the earlier one is properly utilised.

- 32 -
Benson Kunjukunju (2000)\textsuperscript{57}:-

Evaluated the impact of credit on income of the rural borrowers, a study in Kerala. He concluded that institutional rural credit agencies like co-operatives are fairly well developed in Kerala state. The general performance of the co-operative system in the state is found to be superior compared to rest of the country. It is found that the borrowers who availed credit have improved their income in the post loan period compared to pre loan period. Hence higher doses of credit to the rural poor by institutional agencies for various economic activities on easy terms will certainly help to increase their income level also improve their standard of living.

The review of literature on co-operation in general and on PACS in specific reveals that the research has been and is being carried on in the field of co-operation by considering either state as a unit or particular region a unit. On the same line research on PACS are also done on the basic of state as a unit. Another point revealed from the review is that many of the studies are based on secondary and historical data. There was need to study the co-operation and the working of the PACS by considering the particular district as unit and its comparative study with other districts where co-operation has been intensively and effectively established its role in socio-economic development of the rural economy of the districts.

1.6 The Study

The Study entitled “A study of Primary Agricultural Co-operative Credit Societies in Solapur District” undertaken by the researcher is an empirical study
having the two aspects of analysis viz... the study of the impact of PACS and the study of application of co-operative principles by the PACS of Solapur District.

1.7 Background of the Study

Solapur district is one of the districts of the Maharashtra having agriculture as a main occupation of the majority of people, the geographical character is emphasised as drought prone zone. The demographic set of the district is dominated by rural population spread over in different villages. Rainfall and its distribution is uncertain and uneven in the district where agriculture and its development is a continuing risk considering the cost-benefit ratio which force the farmers to borrow. PACS are the reliable institutions at this end.

1.8 Scope of the Study

The study is as far as primary data is concerned related to four talukas of the Solapur district. Whereas, for secondary data it related to Solapur district as well as Satara, Sangli and Kolhapur districts comparing the 30 years with selected variables.

Primary data is mainly considered with the impact of PACS on services in indigenous bankers, impact on new agricultural technology, on agricultural production, crop loan scheme, growth of employment, irrigation facilities, standard of living etc.
On the same line applications of co-operative principles of PACS with specially its implementation in actual practice by PACS, growth of membership participation of members in actual working of PACS, rate of interest, distribution of dividend, expenditure on co-operative education, mutual co-operation with other co-operatives.

Secondary data has been collected for 30 years (1970-71 to 1999-2000) for Solapur, Satara, Sangli and Kolhapur districts considering the variables related to perspective co-operative credit societies specially membership, share capital, working capital, reserve funds, borrowings, deposits, loans advances, recovery, overdues, etc.

1.9 The Objectives of the Study

1. To study the historical development of Primary Agricultural Co-operative Credit Societies.

2. To study the organisation and structure of the Primary Agricultural Co-operative Credit Societies.

3. To evaluate the performance of the Primary Agricultural Co-operative Credit Societies.

4. To find out the different changes in cropping pattern of borrowers of Primary Agricultural Co-operative Credit Societies.

5. To account for the changes in the input utilisation in agriculture of borrowing members of Primary Agricultural Co-operative Credit Societies.
6. To evaluate the implementation of co-operative principles in actual practice by Primary Agricultural Co-operative Credit Societies.

7. To find out the problems of Primary Agricultural Co-operative Credit Societies.

1.10 The Hypothesis

In the parlance of this study hypothesis implies basic statements formulated their confirmation in subsequent analysis done in different chapters of the study, these are the outcomes set before the study for conclusions.

As the present study is mainly oriented with the critical analysis of the performance of PACS and their impact on agriculture.

Precisely the hypothesis set before the study are,

1. PACS have vital role to play in rural credit in general and agricultural credit in particular.

2. Medium and large sized farmers have benefited more from PACS than the marginal and small sized farmers.

3. Agricultural techniques and agricultural practices are improved and innovated by the use of credit facilities of the PACS.

4. Cropping pattern of large and medium sized farmers shifted from food crops to cash crops.

5. Ever increasing institutional role of PACS as a major rural lending institution have direct effect on non-institutional lenders in the rural area.

6. Capital structure of the PACS is dominated by borrowed capital rather than owned capital.
1.11 Research Methodology

The adoption of sound research methodology in any study and research in economic field forms a vital part of the study. It consist of sampling framework, sources of data collection and method of analysis. In the present study research methodology is accepted to suit the fulfillment of objectives.

1.11.1 Sampling Framework

Sampling framework, here, implies the basic structure prepared for collection of data, for the convenience, sampling framework is divided in two parts,

(A) Sampling framework for the study of the impact of PACS.

(B) Sampling framework for application of co-operative principles.

(A) Sampling framework for the study of the impact of PACS

For the study of impact of PACS, with respect to selected aspects, viz. Use of new agricultural technology on agricultural production, on services of indigenous bankers, standard of living etc. The sampling framework is classified into three stages i.e.

(1) Selection of Sample Talukas.

(2) Selection of Sample PACS.

(3) Selection of Sample Borrowing Members.
1. Selection of Sample Talukas

There are 11 Talukas in Solapur district. On the basis of land quality, land holding pattern, climate, rainfall, availability of irrigation facilities, socio-economic set up of the farmers, agricultural productivity, co-operative institutions for rural credit etc., the talukas were analysed and two talukas from agriculturally developed areas in above sense and two talukas from agriculturally non-developed areas of the district were selected as a sample talukas for the study at random sampling basis which constitutes 36 per cent of the total talukas of the district.

The summary of the Sampling Frame Work is presented in Chart No.1.2.
2. Selection of Sample PACS

After having selected sample talukas, the next stage was the selection of sample PACS for the study. In the study year (1999-2000) there were 124 PACS in Pandharpur, 106 PACS in Mohol, 131 PACS in Madha and 89 PACS in Akkalkot taluka. For the study, 15 per cent of respective number of PACS from each talukas on random sampling basis were selected for the purpose of study. Precisely it is summarised as:

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Sample Talukas</th>
<th>Total PACS in Study Year (100 per cent)</th>
<th>Sample PACS (15 per cent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pandharpur</td>
<td>124</td>
<td>19</td>
</tr>
<tr>
<td>2</td>
<td>Mohol</td>
<td>106</td>
<td>16</td>
</tr>
<tr>
<td>3</td>
<td>Madha</td>
<td>131</td>
<td>20</td>
</tr>
<tr>
<td>4</td>
<td>Akkalkot</td>
<td>89</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>450</strong></td>
<td><strong>68</strong></td>
<td></td>
</tr>
</tbody>
</table>

3. Selection of Sample Borrowing Members

After having selected sample PACS for the study, the next stage was the selection of sample borrowing members. In the study year, there were 1,055 PACS in Solapur district, having 1,06,419 total borrowing members, it gives 101 borrowing members per PACS. As 68 PACS were selected as a sample, total borrowing members of the sample PACS were taken as 6,868 (101x68). For the selection of sample borrowing members of respective sample PACS 15 per cent of the total borrowing members were selected. For the purpose of uniformity in analysis the figure was rounded off 1,088, in number. Precisely it is summarised as:
Table No. 1.4
Sample Borrowing Members

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Sample Talukas</th>
<th>Sample PACS</th>
<th>Sample Borrowing members</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
</tr>
<tr>
<td>1</td>
<td>Pandharpur</td>
<td>19</td>
<td>304</td>
</tr>
<tr>
<td>2</td>
<td>Mohol</td>
<td>16</td>
<td>256</td>
</tr>
<tr>
<td>3</td>
<td>Madha</td>
<td>20</td>
<td>320</td>
</tr>
<tr>
<td>4</td>
<td>Akkalkot</td>
<td>13</td>
<td>208</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>68</td>
<td>1088</td>
</tr>
</tbody>
</table>

For the detailed analysis of impact of PACS on borrowing members the sample members were further divided into marginal, small, medium and large borrowing members.

Precisely it is summarised as:

Table No. 1.5
Category-wise Classification of Sample Borrowing Members

<table>
<thead>
<tr>
<th>Sr.No.</th>
<th>Sample Talukas</th>
<th>Marginal Farmers</th>
<th>Small Farmers</th>
<th>Medium Farmers</th>
<th>Large Farmers</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(2)</td>
<td>(3)</td>
<td>(4)</td>
<td>(5)</td>
<td>(6)</td>
<td>(7)</td>
</tr>
<tr>
<td>1</td>
<td>Pandharpur</td>
<td>76</td>
<td>76</td>
<td>76</td>
<td>76</td>
<td>304</td>
</tr>
<tr>
<td>2</td>
<td>Mohol</td>
<td>64</td>
<td>64</td>
<td>64</td>
<td>64</td>
<td>256</td>
</tr>
<tr>
<td>3</td>
<td>Madha</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>80</td>
<td>320</td>
</tr>
<tr>
<td>4</td>
<td>Akkalkot</td>
<td>52</td>
<td>52</td>
<td>52</td>
<td>52</td>
<td>208</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>272</td>
<td>272</td>
<td>272</td>
<td>272</td>
<td>1,088</td>
</tr>
</tbody>
</table>

The summary of sampling frame work is presented in the form of Chart No.1.3.
Chart No. 1.3

Sampling Framework for the Study of the Impact of PACS

<table>
<thead>
<tr>
<th>Irrigated Talukas</th>
<th>Selection of Talukas</th>
<th>Non Irrigated Talukas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two in Numbers</td>
<td>Four in Numbers</td>
<td>Two in Numbers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PACS From Irrigated Talukas</th>
<th>Selection of PACS</th>
<th>PACS From Non Irrigated Talukas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thirty Five in Numbers</td>
<td>Sixty Eight in Numbers</td>
<td>Thirty Three in Numbers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Borrowing Members of the PACS from Irrigated Talukas</th>
<th>Selection of Borrowing Members</th>
<th>Borrowing Members of the PACS from Non Irrigated Talukas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Five Hundred and Sixty in Numbers</td>
<td>One Thousand Eighty Eight in Numbers</td>
<td>Five Hundred and Twenty Eight in Numbers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Marginal Farmers from Irrigated Talukas</th>
<th>Marginal Farmers</th>
<th>Marginal Farmers from Non Irrigated Talukas</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Hundred and Forty in Numbers</td>
<td>Two Hundred and Seventy Two in Numbers</td>
<td>One Hundred and Thirty Two in Numbers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Small Farmers from Irrigated Talukas</th>
<th>Small Farmers</th>
<th>Small Farmers from Non Irrigated Talukas</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Hundred and Forty in Numbers</td>
<td>Two Hundred and Seventy Two in Numbers</td>
<td>One Hundred and Thirty in Numbers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Medium Farmers from Irrigated Talukas</th>
<th>Medium Farmers</th>
<th>Medium Farmers from Non Irrigated Talukas</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Hundred and Forty in Numbers</td>
<td>Two Hundred and Seventy Two in Numbers</td>
<td>One Hundred and Thirty Two in Numbers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Large Farmers from Irrigated Talukas</th>
<th>Large Farmers</th>
<th>Large Farmers from Non Irrigated Talukas</th>
</tr>
</thead>
<tbody>
<tr>
<td>One Hundred and Forty in Numbers</td>
<td>Two Hundred and Seventy Two in Numbers</td>
<td>One Hundred and Thirty Two in Numbers</td>
</tr>
</tbody>
</table>
(B) Sampling Framework for Application of Co-operative Principles

For the detailed analysis of this aspect of study, all the sample borrowing members selected for the impact study and Chairmen and Secretaries of all 68 PACS were selected as sample. Specially developed questionnaires were presented to them and responses were obtained for subsequent analysis.

For the analysis of this aspect of study, the sampling framework of Chairmen and Secretaries was classified in four stages i.e.,

1. Selection of Sample Talukas
   Four Talukas which were selected for impact study of PACS were also considered as sample for the study of this aspect. These four Talukas were, two from irrigated areas and two from non-irrigated areas of the district.

2. Selection of Sample PACS
   Sixty eight PACS which were selected, for impact study of PACS were considered as sample PACS for this aspect of study, of which thirty five from irrigated area and thirty three from non irrigated area.

3. Selection of Sample Chairmen of the PACS
   Chairmen of all sample PACS were selected as Sample Chairmen for this aspect of study.
4. Selection of Sample Secretaries of the PACS

Secretaries of all sample PACS were selected as Sample Secretaries for this aspect of study.

The summary of Sampling Framework of Chairmen and Secretaries is presented in Chart No.1.4.

Chart No. 1.4

Sampling Framework for Application of Co-operative Principles

<table>
<thead>
<tr>
<th>Irrigated Talukas</th>
<th>Selection of Talukas</th>
<th>Non Irrigated Talukas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two in Nos.</td>
<td>Four in Nos.</td>
<td>Two in Nos.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PACS From Irrigated Talukas</th>
<th>Selection of PACS</th>
<th>PACS From Non Irrigated Talukas</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Chairman from Irrigated Talukas of PACS</th>
<th>Selection of Chairmen of PACS</th>
<th>Chairman From Non Irrigated Talukas of PACS</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Secretary from Irrigated Talukas of PACS</th>
<th>Selection of Secretaries</th>
<th>Secretary from Non Irrigated Talukas of PACS</th>
</tr>
</thead>
</table>
1.11.2 **Sources of Data Collection**

To fulfill the set objectives of the study both primary and secondary sources of data collection were tapped. The details of which are as under:

(A) **Primary Sources** :-

The data about the impact of the PACS as regards to the selected variables were collected from the sample respondents who are the Chairman and Secretary of the PACS who are engaged in the administration of the PACS and the farmers who are the ultimate users of the PACS. In pursuance of this, separate questionnaires were developed. These questionnaires were presented by personal discussion with some of the respondents, their suggestions were incorporated and then, in order to get good and spontaneous response, the questionnaires were translated in Marathi and then the copies were distributed to the sample respondents.

(B) **Secondary Sources** :-

The data supporting to the primary data were also collected as regards to the selected variables from the

1. Books and Journals
2. Reports and notes from the departments of Government of India, Government of Maharashtra and different agencies as well as reports of the study groups.
3. Other necessary data were collected from, National Bank for Agriculture and Rural Development, Reserve Bank of India, National Federation of State Co-operative Bank Ltd.,

For the purpose of collecting additional data, the researcher visited following libraries and institutions:

2. V. Mehata Institute, Pune.
4. Reserve Bank of India, Mumbai.
5. Jawaharlal Nehru Library, Kalina Campus, University of Mumbai.
7. Mahatma Phule Krishi Vidyapith, Pune.
8. Bajaj Institute, Mumbai.

1.11.3 Methods of Analysis

As the study analyses two aspects of the PACS firstly impact of PACS in respect of selected variables i.e. impact on services on indigenous bankers, impact on use of new agricultural technology, on agricultural production,
income and standard of living, social status, crop loan scheme, employment and irrigation facilities. Secondly application of co-operative principles in actual practice. Separate methods were applied for analysis considering the importance and the need of the aspects for arriving at valid conclusions.

(A) Method of Analysis for Impact of PACS :-

For the analysis of this aspect, in respect of different variables selected were formulated in question form in the questionnaire and responses were analysed and interpreted in the percentage form and conclusions were derived.

(B) Applications of Co-operative Principles by PACS in Actual Practice :-

For the analysis of this aspect in respect of different co-operative principles were formulated in question form in questionnaire after having the detailed study of reputed literature available on this aspect. The responses from the sample respondents were analysed and interpreted in percentage form and conclusions were derived.

1.12 Chapter Scheme of the Study

The present work has been divided into eight chapters.

Chapter I :- It is an introductory in nature, deals with the concept of co-operation, its features, its objectives, evolution and development in India, kinds and classification of co-operative societies, structure of co-operative credit, functions of co-operative credit societies.
It also incorporates the review of literature as regards to both aspects of study. Selection of study problem, its objectives, hypothesis, research methodology, sampling framework, sources of collection of data, methods of analysis and also narrates the chapter scheme of the study.

Thus, this chapter, mainly concerned with the nature and scope of the study which is useful to form the base on which the superstructure of the analysis of the investigation is built, in the succeeding chapters.

**Chapter II** :- It is concerned with the profile of Solapur district which is the study region under analysis. It deals with the information of the district viz. Location, climate, soil, rainfall, temperature, hills, rivers, cropping pattern, natural resources, administrative zones, population, land holding pattern and agriculture etc. Thus, this chapter highlight the necessary information to give the background of the Solapur District.

**Chapter III** :- It emphasises the growth of primary agricultural co-operative credit societies in India, Maharashtra and Solapur district since 1970-71 to 1999-2000. Its growth scenario, perspective of growth indicators in respect of membership, share capital, working capital, reserved funds, borrowings, deposits, loans advances, recoveries, overdues etc. It also states the comparison with Sangli, Satara and Kolhapur districts, alongwith Maharashtra and India.

**Chapter IV** :- It is concerned with sources of funds, share capital, deposits, borrowings to the PACS, it’s ratio to working capital and percentage distribution of loans advances to working capital, percentage distribution of loans recoveries to loan advances, percentage distribution of loans outstanding
to loan advances, percentage distribution of overdues to loan advances of PACS in Solapur district. Thus, this chapter highlights the capital structure and lending policies of PACS.

**Chapter V :-** This chapter, based on empirical study, reveals the different aspects of impact of PACS on various sectors, such as indigenous bankers, on use of new agricultural technology, on agricultural production, crop loan scheme, growth of employment, irrigation facilities etc. Thus, this is one of the basic chapters of the study which highlights impact of PACS.

**Chapter VI :-** It accounts for review of the co-operative principles and its implementation by PACS in actual practice. This is also based on primary data which highlight specifically the open membership, democratic control, participation of members in actual working of PACS, rate of interest, distribution of dividend, expenditure on co-operative education, mutual co-operation with other co-operatives. Thus, this chapter is concerned with the applications of co-operatives by PACS.

**Chapter VII :-** This chapter highlights the problems faced by PACS in respect of capital inadequacy, deposits mobilisation, overdues, political interference in actual working, credit gap, inefficient management, delay in loan sanction etc.

**Chapter VIII :-** It consist of the important conclusions that emerges from the study alongwith suggestions for effective working of PACS.
References

9. Kulkarni R.K., "75 Years of Indian Co-operative Movement"


45. NABARD, Seminar on Repayment of Institutional Credit, New Delhi, 1984.


53. Chakrabarti P.K., "Problems of Co-operative Development in India with Special Reference to West Bengal", S. Chand, Delhi, 1983.


