CHAPTER – I
INTRODUCTION AND DESIGN OF THE STUDY
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1.1 INTRODUCTION

Towards the end of the last century, the peasantry was in the grip of the Sahukar and the rural debt was daily mounting. The condition of the agriculturists was really deplorable. The joint family system was breaking down. As a result of increase in population and the absence of rapid industrialization more and more people depended upon agriculture resulting in too much pressure on land. The land got increasingly divided and subdivided. Farmers who were one prosperous become petty peasants with tiny holdings of a few acres and were finally reduced to the status of landless labourers. They were in the clutches of the moneylenders. Rural debt was increasing and this increased the burden on the farmer. While his economic position was deteriorating and he was finding himself in a hopeless condition, the farmer did not have the incentive or the ability to improve his condition. The government felt that the farmer could be helped through some type of co-operative effort.

The Handloom Industry is the biggest and most important cottage industry in India providing employment to large number of people in rural areas. The Craftsmanship of Indian Weaver is world famous and Indian Handloom has market all over the world. In olden
days Indian Handloom Industry was not having trained personnel and was solely dependent on the expertise and knowledge passed on from generation to generation for its survival and development. Institutes of Handloom Technology were established by the Government of India with the prime objective of providing technical personnel to the Indian Handloom Industry. At present then are four institutes of Handloom Technology in Central Sector under the Administrative Control of Development Commissioner (Handlooms), Ministry of Textiles.

(i) Meaning of Co-operation:

Co-operation means working together. The principle of co-operation is old as human society. It is truly the basis of domestic and social life. What is known as co-operative effort is ultimately the group instinct in man which enables him to live together, work together and help each other in times of stress and strain. Unconsciously the principle has always penetrated the life of human race. The history of modern civilization is in fact, the history of co-operation for without it social and economic progress would have been impossible.
(ii) Definition of Co-operation:

Watzlawick: Co-operative management should be understood as a complex decision making process within the three levels of management pyramid which aims of achieving a proper balance of success or co-operative enterprise as a business unit as well a social institution.

Other Definitions;

The Co-operative Planning Committee defined it as follows:

“Co-operation is a form of organization in which persons voluntarily associate together on a basic of equality for the promotion of their economic interest”.

Mr. V.L. Mehta, the Veteran Co-operator of India has described co-operation as follows:

“Co-operation is a vest movement which promotes voluntary associations of individuals having common needs who combine towards the achievement of common economic ends”.

From the above definitions we can derive the following meaning of co-operative management:

1. Co-operative management is a complex decision making process.
2. It balances co-operatives as business units as well as social institutions.

3. Co-operative management efficiently and effectively utilize the resources of a co-operative to serve the needs of its members.

4. Co-operative management is part of the co-operative community engaged to achieve the co-operative purpose.

5. The supreme objective of co-operative management is to serve its members.

6. Democracy and involvement are key aspects of co-operative practice.

7. Co-operative management is guided by co-operative purpose against which their performance can be appraised.

(iii) Characteristics of Co-operative Enterprise:

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

1. **It is 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. It 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 contributors. “In economic co-operation, it is men that counts, not money”.

2. 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. A co-operative enterprise is run by members themselves at their own expense and at their own risk.

3. 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.

4. 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 of shares held by him.

5. The keynote is service and not profit:

The keynote of a co-operative enterprise is service and not profit. A Co-operative enterprise is motivated by a spirit of service: its whole business mechanism is geared towards the provision of most economical service.
6. The basis is equality:

Another feature of a co-operative enterprise is that within its membership relations between man and man are governed by a rule of equality. Irrespective of possible differences of race, creed, political opinion, social status or subscription of capital, all the persons possess equal rights and duties. “There can be no co-operation unless it is between equals”.

7. It is based on proportionality or equity:

The distinctive feature of co-operative social economy is in the method of distribution of the product. The surplus is distributed not according to shareholdings but according to the proportion of business operation a member has effected with the society.

8. 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.

9. At the service of both of the members and of the community.

The basis objective of a co-operative undertaking is not only to serve its members but also to serve the community as a whole.
Shri V.L.Mehta has stated: It is the claim of the co-operative movement that it can be the principle means of bringing about in a peaceful manner a social change of a fundamental nature, ushering a social order non-exploitative, equalitarian, tolerant that harmonizes the dignity of the individual with the well-being of the community.

10. It is a universal movement. It is found in all the countries of the world.

11. It is a movement whose watchword is action.

12. It is an autonomous body based on the principle of democracy.

(iv) Benefits of Co-operation:

A co-operative association is an association of isolated individuals, who by association with others and through mutual support obtain material advantages which are usually available to wealthy or powerful persons and thereby develop themselves to the fullest extent. by working together these poor individuals succeed in getting the advantages which are available to those who work on large scale. The union of forces in co-operative society thus secures the material advancement for its members and united action fosters self-reliance. David A Morse, former Director General of the I.L.O., had observed.
Co-operatives have helped rationalize distribution patterns, increase purchasing power, promote consumer protections, narrow the housing gap. They have contributed to the modernization of small scale production in agriculture, fisheries, handicrafts and industry. They have made improved quality and greater volume of production and have led to more efficient marketing of increased output. They have stimulated productive capital formation among large number of individuals. In a wider sense co-operative growth has thus become an effective stimulant to economic growth. According to Henry W.Wolff, Co-operation represents one of poor people’s best and most useful and most trustworthy allies in the battle for progress and economic and social emancipation.

Economic Benefits:

From the economic stand point, co-operatives are engaged in securing for their members services of various kinds at low costs. These may include services of various socio economic activities in the consolidation of holdings, the establishment of irrigation schemes, the contouring of land, the procurement of technical knowledge, the administration of credit, the buying of fertilizers, pesticides, seeds electricity and machine services of consumers goods and services, the
processing and marketing of produce, the provision of insurance, health and medical care or education.

Co-operation has also played an important role in checking monopolistic tendencies. In the U.S.A., the house committee on small business reported. There is substantial evidence to show that the co-operative movement operates as a very successful means of combating monopolistic concentrations and as such is a very healthy.

The following is the list of economic advantages of co-operative organization:

1. The substitution of the profit incentive in business by that of service to humanity or production for consumption. In other words, priority is given to the satisfaction of human needs instead of greed of profits.

2. A more equitable distribution of wealth.

3. The breaking up of monopolies and trusts which operate at the expense of the consumer.

4. The increase of the workman's purchasing power and real wages by giving him more and better goods for his money.

5. The reduction in cost of distributive system by:

   (i) Elimination of unnecessary middlemen;

   (ii) Removal of useless duplication of services;
(iii) Eradication of such practices of misleading advertisement and high pressure salesmanship.

(iv) The elimination of fraudulent practices like adulteration, short weight etc.


7. The more accurate correlation of demand and supply as a result of the greater certainty and regularity of the consumer market.

8. Stabilization of employment which will result from the regularity of demand and the absence of speculation.

9. The fair treatment of all labour and general improvement in employer-employee relations.

10. The training of people to spend wisely.

Social benefits:

Co-operation offers not only economic benefits to members but also confers a number of benefits to the society. The well-known authority on co-operation Dr. Fauguet has stated.

"The ultimate aim of co-operation is to develop Self-help with the spirit of self-help and mutual aid in order that individually they may rise to a full personal life and collectively to a full social life".
(v) Types of Co-operative Societies:

1) Handloom Co-operative Weavers Society:

Handloom Weavers Co-operative Society functioning only for the poor weavers issue and materials, wages and other benefits.

2) Powerloom Co-operative Weavers Society:

It deals with only for the export weaving. Mostly master weavers are dealing with that.

3) Weavers Service Co-operative Society:

It facilities only to the welfare of the poor weavers to supply of raw materials those who are not members of the co-operative society.

4) Agriculture Credit Co-operative Society

Agriculture Credit Society functioning only for the poor agriculturist, the co-operative bank itself provide all sorts of loan such as short term loan, long term loan, crop loan, pesticides, loan and purchase of agricultural articles.

5) Joint-forming Co-operative Society:

Mostly this kind of societies are functioning only in Tanjore Districts. Small formers holding less land they are unable to cultivate their lands in one person. All the small formers lands bring into one control and they are cultivating jointly. So its called joint-forming society.
6) Teachers Thrift and Credit Co-operative Society:

The societies are functioning district level and block level. Teachers are admitted into the society and getting loans of their needs. One lakh of rupees sanctioned to the individual. The loan amount will be deducted from their salaries. They charged less interest.

7) Bank Employees Co-operative Thrift and Credit Society:

The bank employees are getting credit facilities from the society as a lower interest. Only the bank employee getting these facility. It plays more important role.

8) Students Co-operative Societies:

This kind of societies are functioning in high school level. Students are admitted in the society supplies note books, text books, pen and pencils and instrumental boxes as a lower rate.

9) Government Servant Thrift and Credit Society:

Government Servants are organizing a thrift society in district level. All departmental staffs enrolled in the society and get loan for their needs as a lower interest. The loan amount will be recovered from their monthly salary of the departmental concerned. The pay drawing officer is whole responsible.
10) Auto Riksha Co-operative Societies:

This kind of society is registered only for the benefit of the auto drivers. The auto-drivers only admitted in the society. A person those who knows driving unable to have a own autos. Though this society purchased auto’s deliver to the members on a credit basis. The loan amount will be remitted by the individuals with the lower interest.

11) Washermen’s Co-operative Society:

This kind of society is organized only for the poor washermen and they are admitted in that society. In the society got loan from Central Co-operative Bank and issue to the poor in cash and kind such as Iron-box and other material of their needs. In addition to provide residential purpose such as house-cum-shop also.

12) Jaggery Manufacturing Co-operative Society:

Jaggery Manufacturing Society are registered and functioning only for the poor toddy-tabers. They are collecting Pathaneer and converted into Karuppatti and the same will be marketing through that society.

13) Fishermen’s Co-operative Society:

This kind of society is organized for the poor fishermen. Mostly this kind of society organized only in the sea shore or river
belt areas and nearby dams. The poor fishermen admitted in these societies provide loan facilities to purchase of boat, engine-boat and a trap on credit basis.

14) Agricultural Marketing Co-operative Society:

The Agricultural Marketing Co-operative Society is organized only for the benefit of formers production of crops such as paddy, groundnut, pulses, cotton, vegetables and other agricultural foodstuffs. The Primary Agricultural Co-operative Society in a village level are the members of the marketing societies the formers are selling their products and marketing their goods get their money without delay.

15) Milk-Producers Co-operative Society:

Milk Produced Co-operative Societies are registered each and every hamplets. It functioning a monopoly condition. Animals like coats, cows and buffalos are called milk animals. The holders are producing milk and selling them through the Co-operative Milk Societies and get money. The government is sanctioning loan to the poor people along with the subsidy also.
16) **House Building Co-operative Society:**

House Building Society is organized only for the poor persons those who are not having own land and house. For their residential purpose admit the society and get loan facility in lower interest and repay the amount periodically.

17) **House Building Construction Co-operative Society:**

This kind of society deals to accommodate constructed house to the houseless members. First of all a person who admitted to them with the offered scheme. According to the share capital available the society provide constructed houses to them. It may repay as prescribed in his by-laws of the society.

18) **Coir Producers Co-operative Society:**

It comes under the industries commerce department. It provide coconut fibre to the members on credit basis. In turn they converted as coir through the society.

19) **Basket Producers Co-operative Society:**

It is also coming under the control of industries and commerce. The poor basket makers are formed a society. Though their they will get loan from the State Bank of India and get benefit.
20) Land-Colonysation Co-operative Society:

In this society organized only for the down-trodden people they are called Schedule Caste, Schedule Tribes and Ex-servicemen. They are the only members of the society. The State Government provide them land through the above send colony for cultivation. The lands are called porambokku and paiture land.

21) Sheep Breeding Co-operative Society:

This type of society is organized for the poor formers through that society it provide sheeps on credit basis. They increase their cattle field and repay the debts.

1.2 REVIEW OF LITERATURE

The following are the important research studies on various aspects of the co-operative sector.

K.Ravi and V.Radhakrishnan’s “Co-operative investment financing in small farmers, a case study from Kerala” is another significant work, which used the primary and secondary data”.

K.Sundarapandian, “A case study on PACB in sengipatty, Thanjavur District studied the socio economic factors influencing default in repayment of cooperative credit.

R.Deepa, “A study of Performance Evaluation of Ammapet Handloom Weaver’s Co-operative Society Ltd, Salem – 1”. She
found that different members welfare schemes are adequately adopted by the society.

M. John Bosco, “A Study Of Performance Evaluation Of Salem District Central Co-Operative Bank Ltd, Salem -1”. He found that co-operative societies and banks functions are essential for the improvement of standard of living of the weaker and poor people in semi urban and rural areas.

1.3 OBJECTIVES OF THE STUDY

The study is based on the following objectives:

1) To review the position of Handloom Industries in Tamilnadu.

2) To study about the overall performance of Ammapet Handloom Weavers Co-operative Society Ltd, Salem – 1.

3) To study about the existing welfare programmes provided by Ammapet Handloom Weaver’s Co-operative Society Ltd, Salem–1.

4) To study the problem faced by the societies relating to its function.

5) To suggest measures for improving the overall performance of the society and for improving the various welfare schemes given by the society.
1.4 HYPOTHESES

The study is based on the following hypotheses

1. There is no significant relationship between production and sales.

2. There is no significant relationship between profit and sales.

3. There is no direct relationship between profitabilities and welfare schemes in the society.

4. The members satisfaction about pension schemes is not directly related with profitability of the society.

5. The members satisfaction about housing facility is not directly related with profitability of the society.

6. There is no significant relationship between Insurance facility given by the society and profitability of the society.

1.5 NEED AND IMPORTANCE OF THE STUDY:

Our India is a developing country. Most of the population depends upon agricultural sector. One of the main occupations of the people of India is Handloom Industry in villages and semi-urban areas. Handloom weaving is a main occupation of the people of India. Now they are not in a good healthy and wealthy position. So the standard of living of such weaving people should be improved for this
handloom weaver's co-operative society plays a very important role. So the researcher undertakes her study on the performance evaluation of Ammapet Handloom Weaver's Co-operative Society Ltd, Salem.

1.6 SCOPE OF THE STUDY

The study mainly focuses on the performance evaluation of Ammapet Handloom Weaver's Co-operative Society Ltd, Salem with special reference to welfare schemes of the members. The study covers last 5 years period i.e 1999-2000 to 2003-2004.

1.7 METHODOLOGY

This study is mainly based on both primary and secondary data collected from the society. Primary data is collected by means of well designed questionnaire contain different questions about members satisfaction on the various welfare schemes provided by the society.

Secondary data are also collected for the analysis and interpretation of data which consist of annual reports, magazines, printed materials and records of the Ammapet Handloom Weaver's Co-operative Society Ltd, Salem-1. Out of the total members having looms 698 are active looms and they are permanent members to society so 10% of such active looms (70 sample respondents) are taken on random basis for the purpose of collection of data. So, the members having inactive looms are ignored in the collection of data.
1.8 TOOLS USED

The statistical tools used for testing eight hypotheses are correlation and regression analysis, chi-square test etc. Trend analysis and percentages are also used in the analysis and interpretation of data.

1.9 LIMITATIONS OF THE STUDY

The study is subject to the following limitations

1. The researcher conducted a study with in a limited period.

2. There was a bias among the part of sample respondents while answering questions.

3. The study covers the last five years i.e 1999-2000 to 2003-2004.

4. The study is mainly focused on the various welfare schemes provided by the Ammapet Handloom Weaver's Co-operative Society Ltd, Salem to its members.

5. This study considers the information applied by the society has authentic.

6. Only active looms members are taken into account for collection of data. So inactive looms members are ignored.

7. Questionnaire is not collected from the members having idle looms for the study.
1.10 SCHEME OF CHAPTERISATION

CHAPTER I

It deals with introduction, review of literature, objectives of the study, hypotheses of the study, need and importance of the study, scope, methodology, tools used, limitations of the study and scheme of chapterisation.

CHAPTER II

It deals with History of Ammapet Handloom Weavers Co-operative Society Ltd, Salem-1.

CHAPTER III

It deals with an overview about the overall performance of Ammapet Handloom Weavers Co-operative Society Ltd, Salem-1 including welfare schemes of the members.

CHAPTER IV

It deals with Analysis and Interpretation of Data.

CHAPTER V

It deals with Summary of findings, suggestions and conclusions.