CHAPTER - I

INTRODUCTION AND STATEMENT OF THE PROBLEM.

1.1. INTRODUCTION:

Co-operation is not a new concept in India. It has a long history. It is as old as human thoughts. Co-operation in India has been accepted as a way of life since time immemorial. It was not transplanted on Indian soil by its imperial rulers. Co-operation was an operating force in India’s entire rural environment. In a way, the entire social and economic structure was based on traditional form of co-operation.

Co-operation is expressed in the form of a joint family, joint worship and joint handling of estate, and traditional village organizations etc. The ancient Indian work, “The Arthasashtra of Kautilya”, provides, “whoever stays way from only kind of co-operation undertaking shall send his servants and bullocks to carry on the work, shall have a share in the expenditure but none in the profits”

Ancient India had craft guilds with a banking services as a feature of their activities was wellknown to India. They are referred in the “Vedas”, as well as in “The laws of manu”. 
Some of the unofficial indigenous co-operation was found in Punjab in modern times, which were described and advocated by Sir. Malkum Darling in his "Rusticus Loquitur". A Co-operative Society was started in Punjab as early as 1891 for controlling the common land of the village for the benefit of the co-sharers. Another co-operative society was started in that province in 1895.

Agricultural banks were introduced in Mysore in 1894, each to be an association of landholders on strictly co-operative principles. The first official step towards financing the Indian agriculturist, however, was the scheme for establishing an agricultural bank, but was forwarded in 1882 by Sir William Wedderburn and Justice M.G. Ranade, which was based on the field survey of Purandar Tehsil in Pune district.

In 1892, Sir P. Nicholson was assigned by the Government of Madras to report on the advisability of starting a system of land banks in the province. In 1899, Mr H. Dupernex's People's Bank for Northern India was based on the successful experiments with the village banks, in the United Province. A Committee meeting held in Calcutta in December 1900, reached at a conclusion that, societies on Raiffesien lines were proved to be suitable for India. After much discussions, co-operative societies were given the legal status and official endorsement in 1904.
The new law was passed as the Co-operative Credit Societies Act on 25th March 1904, and that is the real beginning of the co-operative movement in India. The idea of using co-operation in India as a means of combating indebtedness and supplying rural credit was first suggested in the report of Fredrick Nicholson in 1895. In short, Indian co-operative movement was started to supply cheap credit to the farmers and to protect them from exploitation by moneylenders. Indian co-operative movement was basically an agricultural credit movement as such it should remain as long as India is an agricultural country.

The first co-operative credit society was established in 1905 at Kanaginhal (Dharwar district). Since then number of co-operative societies have been established. The total number of co-operative credit societies were 843 in 1906-07, which had reached to 5321 in 1910-11. Within a short period of the working of the Act in 1904, many weakness of the movement were surfaced. To overcome these, the government passed another and more comprehensive act. This act gave a fresh impetus to the growth of the co-operative movement. The number of societies, their membership and the amount of working capital increased steadily since then.

Before independence, primary credit societies were formed about 73 percent of the total co-operative societies in India. This feature of the country's co-operative sector is but natural. The reason
is that India is an agricultural country and the problem of credit has all along been a serious one, mostly for farmers. So the co-operative movement was largely a credit movement.

All India Rural Credit Survey Committee found that the primary credit societies were the weakest link in the chain. So the committee wanted the reorganisation of agricultural credit in India based on some form of co-operative association of cultivators.

Co-operative credit structure in India consists of two separate wings. One provides short term and medium term loans. Whereas the second wing provides long term loans. The former has a three-tier structure with the State Co-operative Bank at the apex, Central Co-operative Bank at the district level and the Primary Agricultural Credit Societies at the village level. Over a period of time, several types of primary level societies emerged, such as Farmers Services Societies etc.

Co-operative credit structure has a pyramid type of structure, the broad base of which is represented by the primary societies at the village level. At the top, (state level) there are apex banks and in between those two there are the Central Co-operative Banks at the district level.

The purpose of this federal type of structure is to strengthen the primary societies. If the primary society has no funds at its disposal, it borrows from the Central Co-operative Banks and if the Central Co-
operative Bank is in need of funds, it can borrow from the State Co-operative Bank, which in turn look forward to the NABARD for refinance.

The short term co-operative credit structure as on 31st March 1997 comprised 28 State Co-operative Bank's, 366 District Central Co-operative Banks and 92,682 Primary Agricultural Credit Societies (PACS including LAMPS and FSS) operating at the apex, middle and ground level respectively.

India adopted the multi-agency approach to finance the agricultural sector from early seventies onwards, in which number of institutions are serving the credit needs of the farmers.

At the grass root level, PACS are nominally managed by the elected board of the villager's control and supervision heads over the system by the D.C.C. Banks. Neither the members nor the Board of the PACS are free to function as per the State Laws.

The credit co-operatives have emerged as the most important agencies supplying the largest amount of institutional credit to agriculture due to their local participation, democratic management and responsiveness to local needs and family urges.

Co-operative Credit Societies play a very important role in the Indian financial system and especially in the spare of rural finance,
both for agriculture and small scale and cottage industries. It is the most satisfactory institution for providing finance to borrowers in the rural areas.

1.2. STATEMENT OF THE PROBLEM:

Co-operative movement in fact, is a credit movement, with a very poor performance of the co-operative credit movement in the country. Co-operatives have lost their identities and the goals. Why this has occurred is a big question mark to the academicians and researchers. The values have no place, though co-operatives are subjective to value based and value oriented. Co-operative principles have no operation. There is utter lack of solidarity among the co-operatives. The situation is highly agonizing.

Discussions about the co-operative identity was started at international level in 1988 at Stockholm and then the discussions continued right upto ICA Manchester Co-operative Congress held in 1995, which finalised “Co-operative Identity Statement”. This has given us a strong impulse to examine the extent of validity of the statement in Indian situation at grass root level in the sector of PACS.

A co-operative has its own values and identity. Co-operative spirit is the most important identity of co-operatives. In its absence, co-operatives lose their distinction and direction. “Self-help and mutual aid spirit is the very basic philosophy of the co-operatives.
Co-operative identity has human aspect dealing with human aspirations, managerial aspect, emphasizing democratic governance, business aspect in providing goods and services to the members and non-members, and value aspect bringing in ethical elements in every activity.

Each economic sectors, public, private and co-operative have their own distinct identities in terms of object and purpose. Some credit societies, particularly in dry land areas have failed to accomplish all such parameters due to limited success of co-operative credit institutions in India. No one can progress and prosper without credit. Obviously importance lies in such studies for strengthening the Primary Credit Societies, with co-operative values and identities at the local level.

Thrift, saving and credit are the features of co-operative credit system in India. Thrift is one of the important principle of co-operation. A co-operative society is in its essence a thrift institution—a body inculcating thrift among members. Co-operatives seek to do away with capital, which is essential to a co-operative society or in any other business concerns. Thrift must precede credit as the watchword of a co-operative society. But thrift never came before credit. The All India Co-operative Societies Act, 1912, makes thrift as a part and parcel of co-operation. The basis of self-help is kept in the forefront in
organizing and conducting co-operative societies, though in actual practice, we see many societies in this country are but poor specimens of bodies inculcating thrift among their members. Thrift harnessed the co-operation which can transform the economic status of a country and with co-operation thrift grows with full vigour. Therefore, it is essential, that co-operative societies should encourage the practice of thrift consistently among its members.

Thrift in its ordinary sense, is the economy or frugality or economic management of one's resources. Greater advantage may be derived from the use of such savings in future than at present. Thrift pre-supposes foresight, which is found in ample measures in insects.

The practice of thrift depends not only abstinence or self control or discrimination, but also on security of life and property. Thrift is essential if people are to get out of poverty. A country can become rich only if its people are accustomed to practice thrift continuously for years and put their savings in productive enterprises. The greatest obstacle to thrift is waste.

The social utility of saving chiefly consists in forming a fund of capital for new enterprises, Saving possesses, the same utility for the community as for the individual, viz, that of proving for the satisfaction of future wants. Saving is as much essential for the economic progress of a country as an individual. In all civilized
countries institutions have grown up for promoting savings of the people.

Co-operative organizations serve both purposes. In the first, they assist in prevention of waste on the part of members and secondly, they afford facilities for the investment of small savings of the poor at their very doors.

Money collected by means of saving of the members is generally be spent in the village itself in the form of loans to the members, which creates an additional sense of security and confidence needed to encourage such savings.

Sir Fredrick Nicholson laid great stress on encouraging thrift and saving among the members of a village co-operative society. He observed "credit to be safe and sensitive, must be preceded by thrift not only in the sense that the capital to be lent must first be saved but that, it is the man, who saves that, ought to get and can use credit. One great cause of individual unthrift is the absence of facilities for thrift, of places for the due and productive custody of savings. If these are provided at each man's doors, saving will take the place of expenditure, productive deposit that of idle hoarding. Hence the village savings bank is the primary desideratum of Indian rural banking and every effort must be made to place facilities for saving in every village."
India is a land of villages and the question of thrift is at the very foundation of the poverty of the rural masses. There can be no panacea for the troubles from which the agricultural population in India suffers unless thrift is exercised by the masses on a large scale. The capital for agricultural needs and improvements must be in the main fed from the savings of the rural communities themselves. The law of co-operation in India makes thrift an integral part of a co-operative society. The preamble to the Co-operative Societies Act of 1912 lays down that, "Whereas it is expedient to facilitate the formation of co-operative societies for the promotion of thrift and self help."

By far the largest numbers of co-operative societies in the Indian union, are the primary agricultural credit societies operating in the agricultural field.

Referring to the operations of the agricultural credit societies, which constitute the foundation of the co-operative movement in India.

Savings may assume the form of shares and deposits in a co-operative credit society. As regards shares, it may be noted that a co-operative association is not a union of capital but the union of human beings.
Primary agricultural credit societies are the most important institutional credit agencies for mopping up rural savings. Intensive efforts have been made during recent years in the states like Bombay and Madras for tapping such savings by initiating a savings drive and it is on record that such a drive has achieved fair results and in the Bombay state good lying money has been attracted in the form of share capital. These shares secure permanent funds for the co-operative movement.

Only selected ‘A’ and ‘B’ audit class societies were permitted to open savings bank accounts in favour of members subject to certain limits. Very few of the primary thrift and credit societies implemented the provisions in their bye-laws and in the cases where the provisions were given effect to the system could not work well because of lack of satisfactory arrangement for the maintenance of fluid resources for repayment of the deposits.

The primary agricultural credit societies are not in a position to accept deposits current saving and fixed on their own account for want of proper arrangements for availability of fluid resources.

The primary agricultural credit co-operatives function effectively as all instruments tapping rural savings. Absence of the availability of proper fluid resources is an important factor, which explains the paucity of deposits in the primary agricultural credit co-operatives.
The main problem of the co-operative movement vis-à-vis agriculture is the problem of credit, because agriculture is a seasonal occupation and a risky due to various causes.

Credit in the nineteenth century Europe was available in rural areas at the price of usury only, and the money lender was the only source of credit. To tackle this problem, Raiffeisen tried the idea of Agriculture Credit Association, or a Village Bank, which achieved remarkable success in Germany.

Agricultural credit societies working on the Raiffeisen model have to accumulate savings from their members.

The co-operative credit movement has already quickened the intelligence of the ryots and awakened their power of thought, understanding of business and a sense of responsibility.

Thrift, saving and deposits have been thrown away by the co-operatives, and became begging before the upper agencies, even when they have potentials at the grassroot level. Poor and poverty-sticken people do not derive any benefits from the Co-operatives. As a result self-help groups are growing phenomenally.

On this background we thought that, it is essential to test certain values and identities of co-operative credit system in selected areas by conducting a survey.
1.3. CO-OPERATIVE VALUES AND IDENTITIES:

Co-operative identity has a human aspect. Co-operative spirit is the most important identity of co-operatives.

There are several factors and elements, which influence co-operative identity. Some of the more important factors of co-operative identity are as follows-

1.3.1. Leadership:

Leadership is the very first element that influences the identity of a co-operative. Strong leadership is a source of strength, whereas leadership allows development of distortions. Strong leadership resents and opposes Government interference and intervention to protect autonomy and independence.

1.3.2. Unity:

Co-operative is an unity. Unity means oneness, respect for each other. Unity has wide connotation – unity of thought, unity of purpose, unity of outlook, unity of action etc.

1.3.3. Government:

Government is an important single factor, which influences and affects co-operative identity. It all depends on what is the kind of
attitude, approach and outlook of policy makers and administrator's in the government towards co-operatives.

1.3.4. Co-operative Laws:

The nature and framework of co-operative laws is very powerful instrument to determine the true shape of co-operative identity. A positive co-operative law crystallises co-operative identity.

1.3.5. Culture:

Co-operative is a unique concept. Co-operative approach is, "each for all and all for each". Man is essentially a social animal. The society is composed of different cultures. Cultural affinity promotes sense of belongingness, commitment, co-operative spirit, mutual understanding, loyalty and solidarity, the elements essential for co-operative identity.

General environment, enlightened members, lobbying and feedback etc. influences the co-operative identity.

1.4. CO-OPERATIVE VALUES:

The value has a quality attitude. Co-operatives are expected to build moral values among the people and the society. Values are the best identity of Co-operatives. Co-operative values are two types viz-
1. Value of heart and  
2. Commodity or market value.

In 1988, the 29th I.C.A. Congress held at Stockholm for the first time, had the main subject on its agenda, "Basic Co-operative Values" a subject for discussion. The subject was further discussed at the 30th I.C.A. Congress held in 1992 at Tokyo and identified some basic values. The 31st I.C.A. Congress held at Manchester in September 1995, gave a statement on co-operative identity, which included a revised definition of co-operative values and co-operative principles. Statement on values is, "Co-operatives are based on the values of self-help, self-responsibility, democracy, equality, equity, solidarity." "In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others."

Thus, in all constitute the basic co-operative values, i.e:-

1. Self-help  
2. Self-responsibility
3. Democracy  
4. Equality
5. Equity  
6. Solidarity
7. Honesty  
8. Openness
9. Social responsibility  
10. Caring for others.
1.5. HYPOTHESIS OF THE STUDY:

1. Most primary credit societies are weak and are unable to meet fully the production oriented credit needs.

2. Some primary credit societies are not successful and some societies are successful in fulfilling the needs of the members.

3. Application of co-operative values, identities and principles play a significant role in co-operative credit movement.

1.6. SIGNIFICANCE OF THE STUDY:

This study is significant in the levels of co-operative sector, as like Government, society members, managements, secretory and Registrar of the co-operative societies. This study is helpful to co-operative sector particularly to primary credit societies.

1.7. OBJECTIVES OF THE STUDY:

The major objectives of the study are as follows:

1. To check the co-operative identity and values in respect of credit societies.

2. To study, why some primary credit societies have continued to remain weak in the entire co-operative structure.
3. To study what determines the successful operation of PACS.

4. To explore the guidelines for successful working of co-operative credit societies.

1.8. REVIEW OF LITERATURE:

Various scholarly efforts have been made to study the credit cooperatives in different angles. But no study has been made to study the applications of the co-operative values and identities at the primary level co-operative societies. A very few works are available on the issues related to the co-operative value and identity.

A very famous book by R.C. Dwivedi (1997) accounts for the theoretical framework for the issue in a nutshell. In this book, the author says that the co-operatives in India have lost their identity and the goals. Values have no place, though co-operatives are value-based and value oriented. Co-operative principles are not operative, hence lost the practical applicabilities in a true sense. There is utter lack of solidarity among the co-operatives. The situation is highly agonizing in the Indian context. The basic values of co-operatives have been determined by I.C.A. in 1988 and revised in 1992 and 1995. The values normally changes according to the local needs.

The second jump in the series of reference books is that of Baviskar’s and Attwood (1996). “The Political Economy of Co-
operation in Rural India”, explains the fact that, many rural development projects, which have failed, were due to the imposition of bureaucratic control in handling the problems in rural area. Whereas, the success of co-operative organizations is based on the grassroots level participation in the crux of the interest. This book consists of some case studies. In one of the problems, in the case studies, it is said that, co-operatives are not really co-operatives at all. A true co-operative is managed by its members, but in India as in many parts of the developing world, co-operatives are often managed by the state bureaucracies. As a result, they suffer from the same inefficiencies and absence of democratic participation. They are co-operatives by name only. This book says, more about the “middle path” between capitalism and socialism. Some co-operatives in certain regions flourish by making substantial contributions to the economic growth and by providing benefits to their members and local communities. But in other regions, co-operatives stagnate, offering little or no benefit to the ordinary people.

A case study of formal co-operatives and informal co-operation in Rajapura village conducted by G.K. Karanth (1986-87) says, that credit co-operatives, tends to act as local clearing houses for subsidized credit supplied by the state. Credit co-operatives usually do not serve to mobilise savings at the local level. Precisely, because they do not depend on regular contributions from their members. They tend to perform rather poorly in general. The official co-
Operatives distribute subsidized credit, it does not pool local savings. On the other hand informal chit funds can only operate when members make regular contributions to the pool of savings. In this study on major drawback has been pointed out, that the member’s participation in the decision making process in the co-operatives is least cared.

Tushar Shah (1995) has made an effort to study the catalysation of the co-operatives in Gujarat State. It is based on the farmers organisation of lift irrigation schemes, irrigation companies and tube well co-operatives of the Gujarat State and secondly it is based on the power of design : sugar and dairy co-operatives are operating as a engine of economic growth.

The study is divided in three parts. The first part deals with chemistry of co-operation. Second part cover three case studies, and third part is a synthesis. This study attempts a new framework to understand farmer organisations and then says about building co-operatives and farmer’s organisation, which can stand as the rough and tumble of a new world. It suggests that successful farmer’s organisations differ from the rest in their capacity to self-credit, self-preserve, self-improvement and self-propagate across the regions and cultures. The author’s own lifetime experience and explain how local self-help group can deliver credit better than a village moneylender or how a farmer’s co-operative can manage a canal.
system for betterment of the farmers than the government bureaucracy is explored in the book.

"Who Shares" in the co-operatives and rural development by D. W. Attwood and B.S.Baviskar (1988) explains the vertical and horizontal links between the societies and co-operative structures and explains the comparative benefits obtained out of it. The study is divided in four sub-sections. The first section is on co-operation and inequality, which addresses the problems of co-operative action in stratified societies, along with the question whether co-operatives contribute towards equalization of opportunity. The second section is more concerned with co-operation and the state, which search out the problem that, what-effects do planning and intervention from above have a impact on local co-operatives? How these effects can be improved?

The third section, on co-operation from below, is concerned to the understandings of how rural people co-operate informally outside the official co-operative institutions. It is often assumed that, there is a general 'co-operative spirit' waiting to be poured into whatever institutional mould the planners may devise. However, new institutions can only be built on informal networks of co-operation if their calculus of participation is better understood.
The final section of the book deals with co-operation and dairy production in India, which discusses an important set of co-operatives in a number of perspectives.

Another famous study made by P. R. Dubhashi (1970) is a product of lectures delivered by the author in a variety of courses conducted at the Vaikunth Mehta National Institute of Co-operative Management, Poona. In this study, author has examined various principles and dogmas and related themes to the problems that confront organisers and members of co-operative institutions or officers of co-operative departments. The author has devoted his attention towards the original Rochdale principles as reformulated by the I.C.A. Commission in 1966. He has, however, gone on also to include in the discussion such other important current problems as those of co-operative federalism or co-operative education and training in India. He has in many instances gone further and noted various aspects or peculiarities which have special relevance to the Indian conditions and many special Indian features which is that of the relations between co-operatives and the state. The author has gone beyond the co-operative principles and shown their application to practical situations.

Another study made by B. P. Sinha (1991) has boldly stressed the indisputable fact that of a point generally overlooked by many eminent historians of co-operation. The author rightly asserts that co-
operation in India is a way of life from the time immemorial. It was not transplanted on Indian soils by its imperial rulers. Co-operation was a operating force in India’s entire rural environment. In a way the entire social and economic structure was based on some form of co-operation. The study further gives an insight into the evolution of co-operative movement and the political and economic philosophy underlying co-operation and co-operative ventures. It covers most of the relevant faces of co-operation including its philosophy, its origin and development, its overall expansion in various fields, its role in the betterment and the transformation of the social structure, its achievement and failures, its relation vis-a-vis government, private sector and the public sector, the objective evaluation of the co-operative movement and the suggestions to make it more successful.

All the contents of the study concludes that any common man having common sense to get co-operative initiation can form an institution with collective efforts.

Prof. D. Jha (1997) has cited the evidence of co-operative spirit in ancient Indian villages. In his book the author has pointed out the “mutuality” as the only co-operative value for which co-operators everywhere must aspire. Equality, equity, democracy are natural fallout of ‘mutuality’. It is a mutuality alone that accounts for a distinct identity. Mutuality is a motivating force for the human action existing in a co-operative movement. Mutuality in fact is the essence
of co-operation. Once this happens, other good things automatically emerges, viz honesty in dealings, equity in distribution, equality in behaviour etc. A co-operative society cannot function without each member being a honest. The author has not attempted history of co-operation and its present world – wide spread. Only some basic issues have been analysed in the study. So this study is an outcome of intense efforts for understanding the true nature of co-operation.

Mr. W.P. Watkins (1990) takes us to the heart of the matter – the principles, which makes the co-operative movement tick, not merely here in Great Britain, but throughout the international co-operative movement, which he served so well. He makes it clear that the principles did not emerge by way of spontaneous combustion or where not born exclusively from cerebral, intellectual debate. On the contrary, they were born out of reality, out of the experience of living. Moreover, they were destined to be endorsed by others in diverse lands and diverse economies.

Another important study is on “Co-operatives: its Growth and New Dimensions” authored by S.N. Tripathy (2000). This book contains 15 contributions of eminent authors of different disciplines. This book examines the entire gamut of issues relating to co-operative sector, and its role in developing the Indian economy, covering development, problems and prospects. The role of agriculture, being indispensable for the development of agricultural sector and the
economy as a whole, a few paper as like "Credit and its use in Technological Development of Agriculture", "Farm Credit and Non-farm Credit, Recovery Performance of Karatadipulalayam, Primary Agricultural Co-operative Bank Ltd, Erode District (Tamil Nadu)", "Co-operative and Agricultural Development in Uttar Pradesh with special Reference to Hamirpur District (Uttar Pradesh)", "Strategies to Increase Flow of Agricultural Credit through Co-operatives in Orissa". "Study on the Trend in Growth of Co-operatives in Tamil Nadu (with special reference to Primary Agricultural Credit Societies)", "Role of Co-operatives in financing Agriculture – A study" etc. highlighted the importance, trend and role of agricultural cooperative credit in India.

Another book by the same author S.N. Tripathy (2000) highlights in 13 selected papers on various aspects of rural industries, social forestry, development of children, socio-economic changes, economic policy etc. for diversified rural development.

1.9. RESEARCH METHODOLOGY:

The present study is proposed to review the co-operative values and identity, in respect of primary agricultural credit societies in Malshiras Tehsil in Solapur district.
1.9.1. SELECTION OF TEHSIL:

There are eleven tehsils in Solapur district. Malshiras is one of the important tehsils particularly in respect of its co-operative movement, well spread and viabilities achieved in their day-to-day functioning.

The history of co-operative movement in the Malshiras tehsil could be traced after the registration of Akuj Vividh Karyakary Sahakari Society on 21st November 1915, since the co-operative movement has spread all over the tehsil covering vertical and horizontal links in the movement. But during the pre-independence period the co-operative movement in this tehsil was more concerned primarily to the credit activities. In the post-independence period, the co-operative movement has spread in all over the sectors. By the end of 31st March 2000, the number of primary agricultural co-operative credit societies in Maharashtra went to 20529. Out of which 1056 belongs to the Solapur district and 103 to Malshiras tehsil. By the end of 31st March 2000, all types total co-operative societies in Malshiras tehsil constitute to 423.

The PACS have been selected for testing the hypotheses because of the fact that, its origin was equipped with values and identities. And therefore was much discussed on the issues during
the period. The PACS in Malshiras tehsil have been purposively selected.

The Malshiras tehsil has both irrigated and non-irrigated area. Sugarcane is the main crop in irrigated area; obviously the PACS work effectively in sugarcane belt.

1.9.2. SELECTION OF THE PACS:

By the end of 31st March 1998, the total number of Primary Agricultural Co-operative Credit Societies in Malshiras tehsil was 97. Out of these, two PACS were recently formed, audit report of them was not available. So out of audited 95 PACS, we have selected only 35 PACS for our study purpose.

As per the audit report, the PACS were categorised into 5 groups, A, B, C, D, and E. But during the study year, not a single PACS was included in 'E' audit group. Out of the audited 95 PACS, 27 PACS (i.e. 28.42 %) were confined to 'A' audit grade, 58 PACS (i.e. 61.05 %) PACS in 'B' audit grade, 7 PACS (i.e. 7.37 %) PACS in 'C' audit grade, and only 3 PACS (i.e. 3.16 %) in 'D' audit grade.

Out of 35 PACS selected for our study, 9 PACS belongs 'A' audit grade, 20 PACS to 'B' audit grade, 3 PACS to 'C' audit grade, and 3 (all) PACS to 'D' audit grade. The audit gradewise percentage to total selected PACS is 25.71, 57.14, 8.57 and 8.57 respectively.
1.9.3. SELECTION OF MEMBERS:

The total membership of 35 PACS was 19379. Out of them 6129 members (31.62%) belong to 'A' audit grade PACS and 11371 members (58.68%) to 'B' audit grade PACS, 915 members (4.72%) to 'C' audit grade PACS, and 964 members (4.97%) to 'D' audit grade PACS.

Out of the total 19379 membership of 35 PACS, one percent members (i.e. 198 members) have been selected by applying random method.

Out of 198 members, 63 members (31.81%) were from 'A' grade societies, 115 members (58.08%) from 'B' grade societies, 10 members (5.05%) from 'C' grade societies, and 10 members (5.05%) from 'D' grade societies.

Out of total 198 members 195 members (98.48%) were male members and only 3 members (1.52%) were female members. Out of the total male members, 61 members (31.28%) belong to 'A' audit grade societies, 115 (58.97%) belong to 'B' audit grade societies, 10 members (5.13%) to 'C' audit grade societies and 9 members (4.62%) to the 'D' audit grade societies. Out of 3 female members, 2 (66.67%) belong to 'A' audit grade societies and only one (33.33%) belongs to 'D' audit grade societies.
When we went to check how many members borrow loans from PACS and how many members didn't borrow from the selected PACS. Generally the members who were in need of money, they borrow loan form the PACS. It dose not mean that other members need not borrow money. Out of total 198 members 166 members (i.e. 83.84 %) were debtor and remaining 32 members (i.e.16.16%) were non-debtor members. Out of the debtor members, 50 members (i.e.30.12 %) were from 'A' audit grade PACS, 101 members (i.e.60.84%) from 'B' audit grade PACS, 6 members (i.e. 3.61 %) from 'C' audit grade PACS and 9 members (i.e.5.42% ) from 'D' audit grade PACS. Out of total members in 'A' grade PACS., 50 members (i.e.79.37 %) were debtor members and remaining 13 members (i.e. 20.63%) were non-debtors. Out of 115 debtor members in 'B' audit grade PACS, 101 members (i.e.87.83%) were debtor members and remaining 14 members (i.e. 12.17%) were non-debtors. Out of the members in 'C' audit grade PACS, 6 members (i.e.60.0%) were debtors and 4 members (i.e.40.0%) were non-debtors.

Out of 10 members in 'D' audit grade PACS, 9 members (i.e.90.0%) were debtor and 1 member (i.e.10.0%) was non-debtor.

The ratio of debtor members to total members in particular audit grade society was higher in ‘A’ ‘B’ and ‘D’ audit grade societies compared to ‘C’ audit grade societies. In A and B societies, arrears were very low and turnover was high, because the debtors repay from
the sugar factory. In 'D' audit grade societies, the ratio of defaults and overdues was very high. Society's loan was higher than members loan. Economic conditions of the society was non-viable.

1.9.4 DATA COLLECTION:

The study depends on primary as well as secondary source of data information. The primary data was collected from the respondents by interview method. The directors of the respective PACS were also interviewed. Some information was collected from general meetings and BOD meetings by own observations and discussions with the members and directors of selected PACS. The secondary source of data was collected from various co-operative offices and departments. Some important data was obtained from national and state level institutions. Some important information was also collected from the experts as well as the co-operative leaders related to the co-operative sector.

Following techniques were used for data analysis.

1. Performance appraisal was applied for estimating average and ratios.

2. The values, identities and principles so far observed were classified, quantified and explored in respect of each societies by applying different parameters of values identities and principles.
3. The responses of each question was rated on seven point “Likert Scale” ranging from -3 to +3 (-3, -2, -1, 0, +1, +2, +3) with zero equaling no effect on item resulting from members of the PACS. The reaction of members of PACS in each case was analysed.

For each statement in a “Likert Scale” the respondent was asked to indicate not only the direction (agree or disagree) of his or her response but also to degree of commitment to that response strong, moderate or slight. The member’s attitude was represented by his or her scores across all items in the scale and reaction in each case was analysed.

1.10 CHAPTER SCHEME:

Following is the chapter scheme for the thesis

**First chapter** deals with origin and development of the co-operative movement alongwith statement of problem and research methodology.

**Second chapter** explores the history of identities and values in the co-operative sector.

**Third chapter** examines the application of identities and principles.
Fourth chapter deals with characteristics of the sample farmers who were the members of the PACS.

Fifth chapter reviews the responses of the members to the parameters of the co-operative values.

Sixth chapter deals with co-operative principles reality in study area.

Seventh chapter deals with co-operative identities in study area.

Last chapter summerises findings and concludes the analysis.