CHAPTER NO. VIII - FINDINGS AND CONCLUSION

8.1 FINDINGS OF THE STUDY —

The co-operative movement in Ahmednagar district played a significant role in the social and economic development in rural areas. Co-operative movement in Ahmednagar district occupied a centre place and attached nearly every aspect of rural population. Co-operative societies have been getting a lot of encouragement from the people and the co-operatives have grown big and played a unique role.

In Ahmednagar district farming is the main activity of the rural people. Ahmednagar district is known as ‘famine-stricken’ district. The rainfall in the district is irregular and thus it results into a situation of drought. The industrial sector is also on an average. Out of total workers 75% people work in farming as farmer, agricultural labor, animal husbandry and allied agricultural activities. As per 2001 census the total population of the Ahmednagar district was 4040642, of which 3236945 i.e. 80.1% people lived in rural areas (in 1556 villages) the average of living population per village is 2047 people. In urban area 803697 i.e. 19.9% people lived. Naturally, farmers occupy great importance and co-operative institutions are a very powerful tool in the hands of the farmers through which they can come together and form a co-operative organization to resolve their economic and social problems. There are at present 9285 co-operative societies of different types with a membership of 2989 thousands covered 100 per cent rural area and near about 70 per cent or rural households in Ahmednagar District. Our planners rightly realized the effectiveness of co-operative institutions and laid emphasis on promoting more and more co-operative organizations. In our planning co-operative sector has been given utmost attention and as a result achieved spectacular progress. Above all the progress has experienced up and downs, there is utmost need to identify the problems and subsequently in the same light, their working may improve and they will do more progress in the context of economic reforms period without tremble. Pattern set up and designed for the success and progress have a great meaning. Various types of co-operatives have direct their energies towards the betterment of these rural masses by
creation of the necessary infrastructure framework which is essential for the sustainable
development of rural economy.

Co-operatives give their contribution in nation building through various services
which are necessary to underprivileged. Those who are not able to do independently
development, co-operatives are tools to come together for common benefit with
collective efforts. Therefore, it is true that co-operatives made considerable progress due
to government policy, active support and aid which in turn changed in new economic
reforms period where government is reducing its share and opened the doors of Indian
economy for foreign businessmen. Government’s laissez faire policy became
disadvantage for co-operatives for their sound progress. It is observed from the statistical
data available on co-operative societies that progress of co-operative societies during the
study period 1996-97 to 2005-06, in the context of economic reforms was uneven. The
transformation from restricted economy to open competitive economy created a lot of
challenges to the co-operative sector in economic reforms. Co-operatives need to take
hold of every opportunity available to it. So, development based on efficiency, excellence
and financial resource base is required.

MEMBERSHIP- Number of members showed increase, even growth rate shown a
fluctuating trend over the period regarding to all types of co-operative societies in
Ahmednagar District. Increase in membership indicated that a large number of peoples
are gathered under the principles of co-operation for mutual help and development.
Membership is the factor which leads to the increase in business practices, share capital
and overall progress of co-operatives. Co-operatives grants nominal membership for
depositors who take loans against deposits as well as share granted to those persons who
take loans against gold- silver ornaments, education loans, etc. Out of total share capital
twenty per cent shares can allow for nominal members. However, registration, death of
members and mass enrolment are the factors which results into the uneven increase in
membership numbers.
**SHARE CAPITAL** - Share capital of co-operative societies during the study period increased in numbers though the growth rate showed a fluctuating trend in it. Share capital is fluctuated due to various reasons; registration, death of members and mass enrolment are the factors which results into the uneven increase in share capital. Membership is the factor which leads to increase in share capital. The amount of share capital increased because co-operative allowed mass enrollment to fulfill the banking business services as well as statutory compulsion that the borrowers has to obtain a specific number of shares to get the loan. Thus, the fluctuations made in share capital due to demand for various types of loans which have not changed proportionately each year and percentage of linking share changes on it as the number of borrowers changes. However, it is observed that the percentage of share capital to total funds has decreased due to increase in other sources of funds as well as study period shows that the government reduced their contribution to share capital in this economic reforms period.

**SOURCES OF FUNDS** - Credit societies raised funds by the different sources which have been invested in the business undertaken by them i.e. shares, entrance fees, subscription, deposits, loans, cash credit, overdrafts, advances, donations, grants, subsidies, net profit from operating a business, etc. which shown a fluctuating trend over the period. Therefore, the basic weakness of movement was the lack of funds. It was felt that the members themselves should save and deposit their saving and thus contribute a large share of the working capital of the societies. The central and state co-operative societies could not attract as much deposits from the general public as was anticipated. The RBI was willing to lend to the co-operative banks, and at concessional rate, but even this facility could not be taken advantage of by the State Co-operative Banks. Loans granted for one purpose diverted for other purpose insufficiency of finance and wrong utilization of loans by the members have been other problems. Usually loans demanded for agricultural purposes diverted for the non-productive purposes like meeting household needs, re-payment of old debts, marriages, treatment of illness and liabilities. This misuse of loans affects the repayment capacity of the borrowers and often become a cause of overdues and defaults of co-operatives.
DEPOSITS- Deposits are the most important and popular source of funds for credit societies. Deposits may be received at any time within the limits determined under the Co-operative Societies Act and Rules, on such rates of interest and subject to such rules and regulations as may be approved by the Board of Directors and also subject to the directives issued by Reserve Bank of India in this behalf from time to time. The RBI has granted a number of concessions to non-credit co-operative societies to give an added fillip to enable them to attract larger deposits thereby facilitating increased lending. They have been permitted to pay at their discretion, an additional one percent rate of interest on deposits as compared to the commercial banks. Besides, they are required to maintain a lower level of statutory cash reserves and liquid assets to facilitate increased lending.

Deposits are collected from public under various schemes such as, current, savings, fixed, recurring, and cumulative and under any other special schemes. Different interest rates are offered for various types of deposits collected under various schemes. Out of the various deposits fixed deposits are significant ones among the other deposits schemes. The interest rate paid on it is high. It is an expensive liability but the amount of fixed deposits can only be demanded by the depositors after a specific period. So, such amount can be invested in a long term profitable investment areas.

This type of source of financing is very convenient for the co-operative banks as it provides sufficient funds at moderate rate of interest without offering any assets as a security. During the study period, agricultural credit and non-agricultural credit society’s growth rate of collection of deposits was uneven, therefore, amount of deposits increased over the study period, deposit mobilization was quite successful. Deposit mobilization were not only mobilized because of higher interest rates but also the best services provided by these societies i.e. such as quick transfer of amounts from account to account and from branch to branch, cheque payment, information on phones, decentralization of decision making process, travelers cheque, overdraft, etc.

OVERDUES- Overdues is a serious problem. Nearly all co-operative societies are facing it. The amount of overdues increased during the study period from 1996-97 to 2005-06, therefore, the growth rate was shown a fluctuating trend over the study period. To keep
the overdues at minimum level co-operative societies have to pay special attention on recovery by taking legal action against the willful defaulter as and when required under Maharashtra Co-operative Societies Act, 1960.

Ahmednagar is a famine-stricken district natural calamities affects many parts of the district and made it difficult for the cultivators to repay existing loans in time. Naturally, PACSs are infects by the problem of high overdues. Overdues are the obstacle in the process of credit recycling and reduce the capacity of co-operatives to grant loans significantly. High occurrence of overdues founds especially because of the policy that emphasis has been given on expansion of societies and branches rather than merge of the weak societies and branches.

**RECOVERY**- It is obvious that without prompt recovery co-operative societies cannot work smooth. They cannot prove themselves successful or financial strong without complete recovery. Recovery and overdues of loans have shown a fluctuating trend over the period which is not a healthy performance of the co-operatives, low recovery and increasing overdues amount shows the weak and unsuccessful working of co-operatives. Drought situation creates financial strain on agriculturists, businessmen, processing industries, production industries, marketing societies, increase competition and lower demand for funds make difficulties in loan recovery and interest collection of loans.

The economic viability of the co-operative at the village level is essential. In the context of economic reforms co-operative societies should be revitalized and reorganized and self-reliant to do their best for the uplift of rural population because this is only hope for them. According to the RBI appointed ‘Study Team on Co-operative Credit Institutions, 1974’ - “Lack of will and discipline among the borrowers to repay loans was the principal factor responsible for the prevalence of ovedues in co-operatives. Defective lending policy pursued by co-operatives, the apathy of management in taking quick action against the concerned members and absence of favorable climate were other contributory factors.”

Apart from these factors normally responsible for a high level of overdues, intervention of external forces such as loan waivers, concessions in various forms towards repayment of principal and payment of interest have also affected the

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recovery performance. The problem of loan overdues is a matter of serious concern, as it affects the recycling of funds and credit expansion.

**LOANS**- Credit co-operative societies should adopt a specific policy of lending to avoid fluctuations in the amount of loan disbursement. Generally there is gap or difference between the amount of loan sanctioned and loan disbursed due to administrative delays. There should be simplification of loan procedure of loan disbursement and in the working method. Usually credit co-operative have pledge members land as a security and tangible assets against loans which increases the gap between rich and poor agriculturist, poor agriculturists do not have such a pledge and rejected for loans. So, co-operative have to follow the basis of the expected crops and not on the security of land and tangible assets.

**PROFIT**- Profit is the indicator of the progress make by the co-operative societies. After meeting the expenses and making due and statutory provisions by accepting the principal of recognition, reclassification of assets and provisions as per the norms prescribed by the constitution, the percentage of profit have shown a fluctuating trend over the study period. The reason of fluctuations is recession in business, low recovery, competition from private agencies as well as provision for non-performing assets and for overdues, etc.

**AUDIT** - It is necessary to give more importance in making the societies viable than on their expansion. Table No.7.4.39 shows the audit position of co-operative societies in Ahmednagar district majority of the co-operative societies were weak and inefficient in spite of their revitalization program. Nearly 90.44 per cent of the audited societies were classified as ‘B’, ‘C’ and ‘D’.

**MONEY-LENDERS**- There is considerable difference in the progress made by the various types of co-operative in Ahmednagar district. However, during the study period from 1996-97 to 2005-06 the co-operative societies are meeting increasingly the requirements of the rural population. Therefore, number of license holder money-lenders increased from 35 to 62 and their total loans issued amount increased from Rs.10436
thousands to Rs.14990 thousands, even growth rate was uneven during the study period, showed that numbers of license holder money-lenders now ready to do their work under the guidelines of Reserve Bank of India. The monopoly of the money-lenders is being broken in the rural areas of Ahmednagar district at a large quantity as out of total 377 branches are working in rural areas of which 257 branches of co-operatives and 120 branches of commercial banks and 257 branches of ADCC banks are providing their services to rural masses. (Table No.6.10.11, pg.233)

Co-operative societies have faced severe competition from private agencies from the beginning, the co-operative movement met with competition from influential persons who controlling the organization to accomplish their private selfish interest with using the platform of co-operation. In rural areas money-lenders and traders worked for the failure of the co-operative societies.

**TRAINING**- Co-operation cannot succeed unless there is will, full participation and complete co-operation from the people. Co-operation needs dedicative leadership which leads co-operation to do better for the neglected poor people. If the population is illiterate, ignorant and enormously traditional not understands the significance and utility of co-operation, with education and training of co-operative principles and importance of co-operation they come to know the importance and need of co-operation. It is observed that in Ahmednagar district that one training centre ‘Ahmednagar District Co-operative Training Centre’ is providing service of training to members as well as one Ahmednagar District Co-operative Board Ltd. is also operating their services in enhancing the co-operative spirit in peoples in district.

Credit co-operative societies- occupy a prominent place in rural areas for their work of satisfying credit needs of agriculturists residing in rural areas. Total 1324 societies including Ahmednagar District Central Co-operative Bank Ltd. Ahmednagar, is providing necessary services to peoples. Primary co-operative credit societies works at gross-root level, so they must reached to last needy person of the village that’s why the branch expansion is very necessary to give credit service to a large number of people.
living in rural areas. At the same time it helps to collect more and more funds in terms of saving deposits which in turn increases the loan advance capacity. The number of primary agricultural co-operative societies, their members and loans issued increased substantially but the percentage of overdue to loans outstanding also increased. The loans advanced by credit co-operatives have increased during the study period. However, net increment is fluctuating due to lack of uniform lending policy of these societies. It was so because the fall in incomes of agriculturists was comparatively high than the industrial and service sector incomes are raised. Co-operative credit societies and banks should encourage more deposits as well as they have to open more branches in the rural area. Some weak branches should be immediately rehabilitate and reorganized with proper action. Non-Agricultural Co-operative Credit Societies have contributed enormously to the economic development of the small man. Co-operative credit societies provide financial assistance for proposals from agriculturist for productive purposes on merits. It is observed after analyzing the various causes for unsatisfactory progress of the co-operative credit movement that the reasons for the failure of co-operative credit movement is functional, structural and administration shortcoming. Deficiency of trained and expertise personnel to understand and to handle the cases of the credit societies in lending, borrowing, recovery and discipline. Credit get to wealthier members of the rural areas who owned credit-worthy securities, and the requirements of small farmers, landless farmers or laborers are not satisfied.

Non-agricultural co-operative credit societies- comprising Urban Co-operative Banks, Employees Credit Societies and other societies, total 1245 units are providing financial service to their members in Ahmednagar district. All co-operative banks, being financial institutions, to be successful continuously in all respects must, therefore, realize the importance of the finance which provide for the benefit of their members in particularly and the public at large, in general. The extension of the banking Regulation Act, 1949, to the urban banks in the country from 1st March 1966 heralded a new era in the history of the urban banking movement. For that day onwards, the RBI assumed not merely a supervisory and regulatory role, but also commenced playing a promotional and developmental role with greater vigor by taking a more direct and keener interest in their
working. It thus began providing the needed guidance and direction and ensuring their more meaningful participation in nation building. Therefore, after introducing economic reforms banks are facing several problems and weakness which encounter in the progress, with special remedial actions banks have to overcome on it. The success of these banks mainly depends upon the punctuality, business methods and increase of public confidence.

Primary Co-operative Banks or Urban Co-operative Banks have been cast with the responsibility of involving themselves in financing priority sectors. This sector includes; small scale industries, transporters, small business, retail traders, professionals and self-employed persons, etc.

Some progress in the field of co-operative marketing was made but its total effect on the rural economy in Ahmednagar district was not very impressive. Moreover private agencies were commanding larger resources comparatively co-operatives. Producers should market their produce through co-operative marketing institutions to get good prices for their outputs. Marketing co-operative societies and warehousing societies help their member through ensuring better price for their produce as well as make arrangement of cash or borrowing from the co-operative institutions on pledge of their produce which is stored in warehouses. New primary marketing societies should set up to provide more services. Marketing co-operative needs assistance by government as grant-in-aid for construction of rural and Mandi level godowns.

It is observed from the tables of progress of production co-operatives in Ahmednagar district that the overall progress was discouraging. Many societies were inactive. Several weaknesses hindered the progress like inadequate finance, low membership, small size of sales, accumulation of short stocks, lack of raw materials, monopoly of middlemen and traders as well as inefficient management, lack of co-operative education among the members and lack of proper supervision and inspection of the societies. Therefore, if these weaknesses removed by the proper action and overcome on these difficulties co-operative movement will surely do best in production and processing field. Production co-operatives need to prove their efficiency, cost efficiency,
upgraded technology, increase in output and sales, etc. along with establishing their own financial resources, in terms of long term market stability and policy of profitability.

Production co-operative societies like sugar factories have technical guidance, availability of raw material and sufficient funds should be made liberally available to these societies. Basically, Co-operative movement was started as a credit movement by the initiative efforts of government. Co-operatives depend largely upon government’s financial aid it has remain only just an official movement. Therefore, after introducing economic reforms by government the conditions have been rapidly changing; in this context co-operatives have to find their own resources for financial self-reliant.

Processing co-operatives have contributed immensely to the economic development of the rural areas. These co-operatives processes the produce produced by agriculturist and increased the price and durability of raw production and promotes sustainable development. The prices of manufacturing sector depending on agriculture for raw materials have been increasing. These co-operative needs to use new advanced cost effective technology to increase their profit. Processing co-operatives also facing severe problems, competition from private sector as well as government has withdrawn subsidies and support so that they have to develop their own technology to compete with private sector in the context of economic reforms. In this situation processing units have to think about new strategies which will increase their efficiency and profitability. These units should be arranged on the base on full utilization of local resources both human and material and local needs.

Therefore, co-operatives have not done progress in some fields like hospital services, education services, research and development of technology and services through their own firms, etc. these services also needed by the society which are required to develop human development index. But some industries like sugar co-operative factories provide these services to their members at minimum cost which are very limited in terms.
TESTING OF THE HYPOTHESIS- During the study period of ten years (1996-97 to 2005-06) co-operative movement in Ahmednagar district, with different economic activities has been the vital source of human capital formation and thereby has been an instrumental in changing and sustaining the socio-economic status of rural masses in the context of economic reforms. Since the emergence of co-operative movement has been the outcome of exploitation of rural poor such as landless laborers, artisans, marginal and small farmers and other weaker sections of the society at the hands of traders, moneylenders and landlords, the movement has always protected the socio-economic interest and changed the life index on sustainable basis. Therefore, the number of problems have cropped-up and the task before co-operative movement is getting tougher and tougher every year e.g. the problem of economic reforms and economic liberalization compelling the co-operative movement to compete with the private sector.

With the view in mind the subject discussed in this thesis is the “Role of Co-operative Movement in Sustaining Rural Economy in the Context of Economic Reforms: A Case Study of Ahmednagar District.” Statistical information on co-operative movement in Ahmednagar district during the study period, analysis and findings or interpretation of data of co-operative societies showed that the movement falls short about its progress. Co-operative movement in Ahmednagar district did not make much contribution towards the sustainable development of rural economy, number of cause influenced the movement like- internal weakness of co-operative structure such as small and uneven membership, inadequate capital, inefficient loan operations, increasing heavy over-dues, failed to promote and collect more savings, lack of uniformity in objects and methods in different societies, lack of co-operative spirit rural masses, the co-operative movement was not sufficiently broad based and planning for credit were not linked generally with programs for increasing agricultural product. Consequently, there was a marked unevenness in the development of the co-operative structure in Ahmednagar district. Naturally, progress of co-operatives has slowed down in the economic reforms periods. However, various types of co-operative working in Ahmednagar district have provided several services besides they are facing many difficulties. So, some proper remedies should be taken in action to overcome on these difficulties.
8.2 – SUGGESTIONS & CONCLUSION

Co-operation was recognized as an instrument of sustainable development for rural areas in the Indian economy, it was recognized as a third sector of economy which will balance the public and private sector, therefore, after introducing economic reforms and economic liberalization government accepted laissez faire policy. Co-operative movement which mainly depended upon the State aid got a setback. Financial and organizational strength is necessary for co-operative societies to compete successfully with private agencies in this changing scenario. However, co-operatives have to required re-structure and re-orient and set up themselves as self-reliant in the context of economic reforms. After analyzing various statistical information regarding to the co-operative movement in Ahmednagar district in the context of economic reforms during 1996-97 to 2005-06, as a study period, following conclusion have revealed-

1. Co-operation is a tool in the hands of the people to achieve the progress through common help. Therefore, it is largely depends upon the judicious selection of members and their training regarding to co-operative principles. Unfortunately, people have been entrusted with the management before they are fit for it. It must be based on the ordered will of the people. The movement cannot succeed unless members are educated. Masses are yet illiterate and ignorant in the district.

2. Co-operative movement became a government agency. Co-operatives are working under government policy and State or official control, it is necessary that official control (that now exists i.e. the extension of the Banking Regulation Act, 1949 (as applicable to co-operative societies) from 1st March 1966 and Maharashtra Co-operative Societies Act, 1960) should be slackened to a certain extent. In order to boost up the co-operative movement it is necessary to encourage the responsibilities among the rural masses as a member of the co-operative society.

3. Development agenda should be come from the people unfortunately regarding to co-operative sector most of the decisions or agenda of development formulated and implemented by government about this common people would unaware. That’s why co-operative movement must come from people and not from
government. After all, political interference weakens its effectiveness for their advantage.

4. In the reform policy procedure co-operative sector needs due consideration, it is not possible to meet recent challenges without increase their competitiveness and strength. Income recognition, asset classification, capital adequacy ratio, investment policies and rigorous competition among various them in mobilization of funds and lending i.e. commercial banks, private agencies, regional rural banks, money-lender and the co-operative banks.

5. The processing units of co-operative societies have been suffering from various difficulties i.e. most of the units are unable to work to their fullest installed capacity due to inadequate supply of raw materials and wide fluctuation in the prices of raw materials, inadequate finance, untrained managerial personnel, defective pricing policies, unscientific planning of units, lack of cost realization, dominance of traders, etc. to overcome on this problem thorough efforts should be done in this line.

6. Co-ordination of credit co-operatives with other co-operative to ensure full support and aid to uplift rural population is required. Especially, economic activities like production, processing and marketing should co-ordinate with credit co-operative which will help to keep entire control on mal-defaulters and to keep the recovery immediate for sound financial condition of the co-operative.

7. Defective and inefficient management and leadership of the co-operative society due to the lack of trained and qualified personnel resulted in to suffering from lack of proper accounting practices, irregularities of loans and maintenance of records. Naturally, training is vital important for the progress of the co-operative societies in the economic reforms period. Administration of co-operative societies through trained and efficient personnel is utterly required. Co-operatives must pay special attention towards improving the efficiency of their staff. Various training programs and functional courses should be arrange and conduct according to the requirements. Responsibility towards the rural masses should be identified and preferred with special attention to uplift weaker section and priority sector of the
economy. Training modules for training of directors and staff of co-operatives have designed by NABARD.

8. A highly distressing fact of co-operative credit is the heavy overdues, for that co-operatives should made special recovery drive as usual and by taking legal actions as and when required under the Maharashtra Co-operative Societies Act, 1960, against willful defaulters. For smooth working of the co-operative societies it is necessary that repayments should be regular. No relaxation should be permitted to the continual and willful defaulters and legal action should be taken against them. Therefore, additional extension may be allowed to enable members to tide over temporary difficulties. The revitalization of the co-operative credit structure in order to transform them into vibrant and viable financial institutions in therefore essential.

9. In economic reforms it is clear that continued existence to stronger not to weaker, so co-operative societies have to give emphasis on strengthen of the weaker societies rather than expansion of societies. Re-vitalization and re-structure of weaker societies is necessary for the survival of the movement.

10. Economic reforms lead to decrease the gross capital formation and public investment in agriculture. Public investment in agriculture has shown a declining trend during economic reforms which increased the difficulties of rural society. Agricultural is known as the backbone of rural economy which provides not only employment but the source of livelihood to majority of rural population. The trend of decline in agriculture investment accelerated during economic reforms made rural economy more critical. Various investment projects which sustain to rural development are disturbed, infrastructure development became more vulnerable. In this critical situation co-operatives are the only hope for rural masses through it with collective efforts brings the sustainable development.

11. Famine stricken district like Ahmednagar of Maharashtra State, farmers are found in indebtedness. An incidence of rural poverty is still at the considerable high rate. Interest rates charged by rural money-lender double the principal amount within a year or two which has weaken farmers from repayment capacity. Nationalized
commercial banks have failed in lending adequately for different purposes as well as they preferred to credit worthy farmers. Co-operatives have a big role to play for the uplift of rural poor peoples.

12. Government of India has recently introduced a second generation reforms. Therefore, it is not possible to keep up the expected rate of growth with social justice to underprivileged because of conflict from the opposition. In order to face competition from sharply increasing private sector and governments liberalization policy, reduced government support to co-operative, which in rural areas adversely affect the economic well-being of the rural poor people, those engaged in agricultural and non-agricultural activities need some opportunity to stand against this strong competition in this fast growing open world market, which is possible only with the collective action, known as co-operation.

13. Primary education and health services need considerably enhanced outlays by the co-operatives. Statistical information regarding to co-operative movement reveals that the co-operative have failed to provide basic education facilities and health services to rural areas of Ahmednagar. To develop the human development index; life expectancy, education, consumption of nutritious food and energy capacity should be increase with the efforts of co-operatives.

14. Co-operative Credit Societies (Agricultural and Non-Agricultural) should disburse loan only for productive purposes and not otherwise. Therefore, the member needs loans for various non-productive social expenditure like marriages, birthday, purchasing of vehicle, sickness, for festival celebrations, etc. If the loan is disbursed for productive purpose it must be use for the same. As far as possible Co-operative Credit Societies should be disburse thousands loan in various variety.

15. Availability of loans in time and with adequate amount is also have a great meaning for cultivator. Therefore, loans are not gets as and when they are necessary, date of submission of the loan application and final payment of money to the borrower takes a lot of time. It is found that this reason force agriculturists
to obtain loan from money-lender. It is most necessary that the problems faced by the beneficiaries in terms of payments regarding wastage of time and energy in loan disbursement should be take into account with proper action. Member or consumers problems and complaints of marketed goods and services by marketing society, must be try to reduce or solve it with a quick action for a healthy increase in co-operative business.

16. Co-operative credit societies provide loans for productive purpose only. They did not assist farmers in meeting all their other credit requirements. But farmers also requires loans to meet their many other requirements. Naturally, for these unproductive purposes, farmers have to depend upon money-lenders by paying a high rate of interest which affected their financial condition. Co-operative has to take decision regarding to this problem to assist farmers in this difficult situation.

17. Co-operatives are suffering from the needs of high level of trained competency. This can be achieved only through formation of training skill competence. Immediate steps should be taken for implementation of this scheme, such as, practice of personnel management principles and assuring high quality, quick and courteous service to customers. Simplification of operating procedures and practices through team-works, group discussions, suggestion method and work review. Organizational structure should be able to absorb the impact of social change and technology, necessitating modernization if and when necessary. Yearly, half yearly or quarterly comparison study of progress must be happened at administrative and management level to cope up their financial position with best one through the use of statistical information.

18. Training and education of co-operative principles and system is necessary for the staff. There should be regularly arrangement of workshops, seminars, conferences to ensure the efficiency of staff in service; staff should be adequately trained to tackle the problem it is their responsibility to keep their co-operative society in a sound financial position with the satisfaction of the member beneficiaries. Co-operatives in Ahmednagar district have paid attention towards improving the
efficiency of their staff for that various training programs and functional courses are being conducted according to the requirements.

19. Co-operative movement largely depends upon the strong and dedicated leadership. The leader of co-operative movement should be honest, dynamic, dedicated and unselfish. It is also necessary to keep apart the co-operative movement from the political influence.

20. Co-operation will be successes only in a situation if the discipline, values of co-operation, democratic organization, entrusted responsibility, periodic review or meeting to kind problem all these points should be maintain and implemented. Co-operative societies should extend co-operation among the various types of co-operatives and must avoid competition.

21. In order to remove such adverse effects, co-operatives should bear some expenditure necessary for the uplift of rural poor peoples and their standard of living. The growth should be sustainable with human development and employment potential. This expenditure should be considerably increased the income, employment, social service, common facilities in the rural areas. This increased expenditure should be on building infrastructure and other assets.

22. The severe and continual deficiency in communication, lack of training, mass illiteracy needs special attention and action along with investment in rural economy and other vital economic requirements. Co-operatives spread to the bottom of the villages can prove them best agents of removal of these deficiencies.

23. It is also observed that the co-operative movement failed to understand the natural connection between various societies’ like- credit, production, marketing, processing and social services. As a result, the co-operative societies provided loans to the farmers but did not help them latter in any other way for the uplift of the rural society.

24. Development of production co-operative was discouraging, therefore, through revitalization of co-operative i.e. membership should be increased in a proper way
along with co-operative education, complete involvement of members, dedicative leadership, supply of funds and adequate raw material at reasonable price, use of new marketing techniques and making of viable units remove the weaknesses and overcome on it.

25. Processing co-operatives are crucial for the progress of credit, marketing and consumers co-operative societies as marketing of cash crop price increases more, if it is processed. Naturally, it facilitates growth and development. Therefore, there are many problems encountered by these co-operative if it is properly identified and removed it i.e. supply of raw material, storage facilities, availability of finance, expert professional guidance and supervision, etc. with proper action would be benefited to rural economy.

26. Production and processing co-operative need to apply new advanced technology to increase their efficiency and profitability. These co-operatives provide employment and strengthening and diversifying the rural economy. These co-operative develop the rural base and maximize extension in the decentralized and small scale production industrial sector on a co-operative basis.

27. Co-operative protects and takes care of certain social values with promoting economic and social quality, respect among members and better living status for members in rural areas.

The co-operative movement has shown uneven performance over the study period. It is revealed that the movement was not performed up to the expectation movement had done nothing to abolished poverty of rural masses. Nor has it contributed to increase agricultural production, to establish better marketing conditions, better standard of living for the rural masses. Therefore, Co-operative sector in Ahmednagar district have contributed a great portion of the rural economy. Present changing scenario in the context of economic reforms period have created new challenges in front of co-operatives, to meet the recent challenges co-operatives must prepare themselves to compete which needs due consideration. Progress showed slowdown over the study period. Various weakness of the co-operative movement; existence of a large number of
dormant and weak societies, lack of knowledge and will to work on co-operative principles among the members and office personnel’s, the initiative comes from government not from people, co-operatives serving in the different sectors are detached and not operating in support to one another, inefficient management occurred due to untrained and unqualified personnel, co-operative movement became a platform of vested interest, political influence and interference, inadequate financial resources, defective loaning policies, willful defaulters, high amount of overdues and unsatisfactory performance of recovery, lacking of supervision, administrative deficiency, dedicated and honest leadership.

It is observed that out of the various factors, government support and timely and adequate financial support is highly essential to reach the needs of these sectors. Therefore, in changing economic scenario government has withdrawn their support and financial assistance to co-operatives. There is a hard line competition has exists in the development of the co-operative societies and made it difficult to cop up with this competition. However, co-operative have to restructure their business and activities, efficient and cost effective technology which enables them to survive in this changing new economic order. From economic point of view co-operative movement contributed a lot as the movement basically stated to save the farmers from the clutches of the moneylenders and traders. Firstly, co-operatives provided cheap credit facility to agriculturists for various agricultural activities. Co-operatives increased the banking habit among the rural masses through a vide branch expansion in countryside. It helps to increase thrift and savings among the peoples. Co-operatives provide required inputs for production with bulk purchasing for their members and also sure better prices to their production through marketing and processing units. Consumer co-operatives drop middlemen and gives direct benefit to the members and consumers. All the services rendered through the co-operatives generate employment, income and brought about an improvement in standard of living. Co-operatives teach to self-reliant, honest, sense of responsibility, honor and attentiveness through co-operative principles.
8.3- **SUMMERY**- In India, entire economy as well as social life can be based on the principles and ideology of co-operation. The various levels of co-operative credit structure have been systematically arranged so that the members can easily assimilate the true spirit and working of the co-operative movement, particularly the practical part of this movement, it helps to raise productivity, enlarge employment and poverty reduction in rural areas. The co-operative sector has spread its activities in all spheres of the economy. Economic reforms has led to many changes in policies in Indian economy, co-operative societies are the most important element of protection of the rural poor population need to improve their competitiveness.

In the context of economic reforms period when government policy is withdrawn its protective role. Co-operatives have to be self-reliant and the survival of co-operatives will finally depend upon their performance and competitiveness. There are some weaknesses in the operating of co-operatives i.e. suffering from lack of funds, difficulties in borrowing funds, advancing of loans even for unproductive purpose, etc. if the weaknesses are properly identified it is possible to remove it by deliberate measures with action to overcome on it. Therefore, it is firmly believe that co-operative movement must succeed and there is no substitute to co-operation for economic improvement of the abundant poor masses of rural economy in the context of economic reforms. Co-operatives play a dominant role rural areas by providing essential finance for overall growth strengthen agricultural base, increase the capacity of production and productively for overall development.