CHAPTER I- INTRODUCTION

1.1- INTRODUCTION- The Government of India has introduced the ‘Economic Reforms’ in Indian economy in 1991, which is almost past two decades. The government has already taken major decisions to attract foreign investment and technologies for making Indian products competitive in the international market to improve the performance.

In the era of economic reform, the market becomes more liberalize and economy opens to worldwide competition means expansion of economic activities across, which is considered as an important component in the reform process. The changes rose by economic reforms are having an impact on policy and planning on development of a country like India. The relation between the government and in public, private and co-operative sectors in Indian economy have changing like- government funding is reduced, economy become more liberalized and opens for overseas (reduction of trade barriers), creation of a situation to attract foreign capital investment; allow advanced knowledge and technology of man and machine. Population explosion, low productivity, excessive urbanization, unemployment, lack of health and education facilities, malnutrition, inflation, low per capita income, inequalities, low living standards, inflation and so on, are some of the problems which nation is facing, to tackle these problems special attention with high will power is necessary. Day by day increasing population and their consumption level makes pressure on human wants and production possibility curve which ultimately depends upon availability of resources. Reduction in poverty occurred only after growth acceleration. The acceleration in growth comes only after reforms policy that removes the obstacles of development and increased the role of competitive markets in resource allocation.

Indian planner decided to build up its economic base on a planned action and adopted a mixed economy in which the private sector, public sector as well as the co-operative sector as a balancing factor given importance. After reforms strategy country’s economic structure is far undergoing fundamental changes. The objectives of the new economic policy are to recommend a new aspect of dynamism to agriculture, trade and industry.
The co-operative movement has played a significant role in the development of rural economy of India. Since independence the co-operative movement has recorded substantial progress. The emerging need of the economy in the new competitive and deregulated financial environment, co-operative institutions have re-oriented their policies by drawing up their prospective mission and strategy so as to make themselves globally competitive.

Over hundred years have passed since the co-operative movement was first launched in the country. It covers now about 95% of the villages and more than 60% of the rural population. It has supplied not only credit for agricultural production but other services too. The co-operative movement has been extended up to the national level in various sectors of the economy. It has rendered many useful services for the economic improvement and the welfare of the rural and urban population.

Co-operative has played significant role in the field of rural credit. Co-operative has supplied chief credit to cultivators and made them free from the clutches of the moneylenders. It has brought various advantages to cultivators, including supply of requisites and bringing better prices to producers through co-operative marketing and processing. It has been instrumental in employment generation. Helps in the distribution of essential and consumer goods and in encourage thrift and savings among the members in rural parts. Co-operative arranges finance for the benefit of members, raised by members and Non members. They are helpful to secure common purchases of raw materials, equipment and tools. They also provide common marketing facilities and joint selling operations, which can prevent unhealthy cut throat competition. It has also provided good storage facilities to the farmers. Joint marketing helps members to secure higher remunerative prices for their goods, lends money to its members against security of raw material, goods etc. so that members need not have to go outside. They also arrange machinery of its own to be given on hire to its members. They give training, advice, guidance, which tends to raise productivity. The co-operative societies had led to the use of better farming methods, such as the use of improved seeds, manures, etc. Co-operative movement increases the level of earnings of artisans by providing employment. It helps to sustain and create avenues of self-employment. The wider objective is creating
self-reliance amongst the people and building up a strong rural community spirit. It ensures regular supply of goods and services (produce saleable articles) through the use of local skills and resources.

The rural co-operatives have played a significant role in areas of credit and agricultural production. The principles of co-operative are voluntary and open membership, democratic control and equitable distribution of profit and utilization of resources. The present thrust of the movement has been to build a democratically viable and self-reliant co-operative movement in India. There has been steady increase in co-operative credit from Rs.3,440 crores in 1984-85 to Rs.3,970 crores in 1990-91 & nearly Rs.20,660 crores in 1999-2000.¹

The co-operative movement brought overall improvement in the economic condition of its members. It was started in India largely with a view to providing agriculturists’ funds for agricultural operations at low rates of interest and to protect them from the clutches of moneylenders. Since independence Government and Reserve Bank of India have been taking an active interest. More than 60 percent of the credit needs of the farmers are met by the co-operative societies. They had led to the use of better farming methods. The marketing and processing societies have helped members to buy their requirements cheaply and sell their agricultural produce at good prices. It has also provided good storage facilities to the farmers.

Indian economy is still predominated by rural part of the country in general and agriculture in particular. Due to natural obstacles and lack of security even nationalized banks started to neglect agriculture credit during the period of reforms. This creates problems in meeting requirements of agriculture sector. It widely acknowledged that whatever development is achieved in agriculture in India is only because of Government policies in favors of agricultural sector and the important role played by financial institutions in general and co-operative banks in particular.

The Indian agrarian scene has shown an unusual dynamism. New techniques of production, modern machines and new inputs are being used in agriculture. Co-operative movement has played an important role in this dynamism. To get more and more production, cooperative changes its methods; it provides more facilities and services that

result in the development. The access of agriculture to the cost-reducing technology needs to be increased and for that research and extension activities in agriculture be expanded. Investment in roads, irrigation, power, etc. needs to be increased. In future the growth in agricultural output has come from productivity increase as there is no scope for area expansion, emphasis should promote organic farming by giving subsidy on organic manures, tax concessions, direct help, market support, etc. Indian agricultural is now waiting for second round of economic reforms consisting of removal of the quantitative restrictions and free movement of agricultural commodities in domestic markets, support prices on the basis of variable cost of production and full recovery of inputs supplied.¹

The co-operative sector have covered a wide variety of activities including credit, marketing, processing, housing, consumer goods sell and purchasing, etc. Co-operative movement started in India basically to provide loans to agriculturists at cheaper rate and to protect them from the clutches of money-lenders. The co-operative structure has several advantages for a country like India, where there are a diversity of needs to be fulfilled. There is a liberty and opportunity for the small man with the benefit of large scale functions. The importance of the co-operative sector in the Indian economy has been progressively increasing and become an important part. It is very difficult to get accurate, trustworthy statistical information regarding to co-operative sector and its share in national income, employment generation, foreign trade, capital formation and its impact on rural development. Thus, there are several deficiencies in the working of co-operative sector. Therefore, strengthening of co-operatives is the need of the hour. Only then it is possible for co-operative sector to contribute to sustainable development of the rural economy.

1.2- RATIONALE OF THE CHOICE OF THE TOPIC-

For a large agrarian developing country like India, rural development is an important and integral element of national development. Agriculture is a way of life, in most developing economies. Rapid growth of agriculture is essential for ensuring food security and alleviation of poverty. In developing countries like India, agriculture still contributes significantly to their overall GDP and it employs a large proportion of the

workforce.

The land holdings are, however, very small, non-irrigation and dependent on the vagaries of nature. Further, the agriculture practices are labor intensive with relatively low intensity of farm inputs. Consequently, the farm productivity is low. As most farmers in India are engaged in subsistence land farming, their participation in international trade is quite marginal. The food needs and supply gaps are developmental problems and thus all their policies for agricultural development aim at harnessing the potential for increasing productivity and production in the agricultural sector.

Concern to the all above mentioned constraints co-operative movement established a platform for rural economic reforms. Co-operatives have taken all measures for poverty alleviation, rural development and rural employment. Through producing, marketing, services co-operatives and multipurpose co-operatives, undertake all activities affecting the daily life and business of the agriculturists. Co-operative as has been identified as a midway between the two major economic ideas as of human life could be a source of rural economic sustainability when privatization has become the mainstream of thinking. The public investment in rural and agricultural sector has shown a declining trend where complementarities are expected very high. This is one of the limiting externalities of agrarian economy today. Facing liberalized agrarian trade and productivity challenges are the new aspects of sustainability where individual efforts would not be sufficient. In this connection the co-operative institutions of various types could be the source of collective energy. It is with this approach the present researcher intends to focus on the contributions and prospects of co-operative movement in sustaining the rural agrarian economy in the period of competitive environment, which comes into force as an outcome of economic reforms.

1.3. THE BACKDROP/HISTORY OF AN IDEA

1.3.1 Co-operative Movement in the World

Even the co-operative development all over the world the world has not been a straight line and at various times the co-operative history has demonstrated the dynamic character of co-operative activities suiting the local and regional environment and economic and social situations. All this is indicative of the one basic fact that co-
operation has been alive to the changes of time and basically its concept is dynamic and an ever-absorbing one.

Co-operation has developed in different countries along different lines. To the threat of domination and exploitation by large business, co-operation was the reply of the small-scale farmer and the isolated and powerless individual, possessed of little bargaining power and left helpless by the laissez-faire policy of the State.\(^1\)

The Raiffeisen type of society was first evolved in 1862 to protect farmers from the rapacious moneylenders. These societies are mainly agricultural. Thus, the woolen clothes weavers of Rochdale combined together in the Rochdale Society of Equitable Pioneers to secure their household requisites at wholesale prices and escape exploitation by the retailers; thus was initiated the Consumers’ Co-operation in England.

The poor farmers of Germany under the guidance of Raiffeisen combined into co-operative societies to obtain cheap credit; thus originated the co-operative credit movement. When with the spread of industrialism and growth of big cities, a wide gulf grew up between the farmer and his markets, and the farmers found themselves more and more at the mercy of the increasingly long chain of middlemen they were forced by the logic of circumstances to combine together for self-preservation; this led to the emergence of agricultural co-operation in Europe in various forms, such as societies for the purchase of raw materials and implements required for cultivation, societies such as the co-operative creameries in Denmark to take the processing of agricultural products, co-operative association for leasing and cultivating land, for the improvement of livestock, for mutual insurance against agriculturists risk, etc. While in the countries like Canada and U.S.A. with their immense distance and production for foreign market have tended to concentrate on co-operative marketing. In our own country India, we have developed co-operative credit on the lines of Raiffeisin and Schulze- Delitzsch of Germany.

**1.3.2- Co-operative Movement in India-**

Co-operation in India has been practiced since time immemorial. It took four principal forms; Kula, Gram, Sreni and Jati. Besides these Chit Fund and Nidhis in South

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\(^1\) Dr. C. B. Mamoria and Dr. R. D. Saxena, "Co-operation in Foreign Lands", Kitab Mahal, Allahabad- 1972.
India, the Bunda system in Vidarbha, Phad system in Kolhapur and Gonchi system in Andhra Pradesh were also in vogue for mutual aid and co-operation of their members.¹

In the modern scene, co-operation in India has shown a growth of the last 100 years. As early as 1882, Sir William Wedderburn and Justice Ranade prepared a scheme for establishing Agricultural Banks to provide loans to farmers who were in the severe grip of moneylenders (Land Improvement Act XIX of 1883 and Agriculturists Loan Act XII of 1884).

However, Mr. Frederic Nicholson reports ‘Raiffeisen system’ to examine the possibility to start a Land and Agricultural Banks in Madras and Mr. Dupernex’s scheme ‘People’s Bank for Northern India’. Edward Law Committee appointed by the Govt. of India in 1900 considered these two schemes. Its recommendations formed the basis of the Bill, which was passed into law in 1904, as the ‘Co-operative Credit Societies Act’, which formally inaugurated the co-operative movement in India. Hennery Wolff called this measure as ‘a turning point in economic and social history’ and by Damil Hamilton, ‘as the way from poverty to plenty’.²

The Co-operative Credit Societies Act of 1904 was found insufficient. It showed a number of serious defects such as; the absence of central organization for supervision and supply of funds, the restricted nature of the act which prevented the formation of non-credit co-operative societies and the classification of societies into rural and urban was found to be extremely unscientific and inconvenient.

The Government realized these deficiencies and passed a new Act. The Act of 1912 removed the deficiencies and for the first time permitted non-credit societies in India. In 1915, the report of Sir Edward Maclagan Committee was an important landmark in the history of co-operative movement. On the recommendations of the Maclagan Committee the Govt. of India passed the Act of 1919, and made co-operation a provincial subject. The Bombay province took the lead by passing the Co-operative Societies Act of 1925. The other states adopted the central Act of 1912.

As the result of the great depression in early thirties of the last century the

¹. These were apolitical and socio-economic organizations which worked co-operatively to promote their economic, social and political interest.
movement collapsed in some provinces. It gave a tremendous setback to co-operative activity. Not only did it stall the progress but created grave problems for the existing institutions. Government made vigorous efforts to save the movement.

Due to abnormal conditions created by World War II the prices of agricultural products rose substantially and the co-operative movement gained a lot of momentum. There had been an overall improvement, when there was stimulated the growth of consumer stores and marketing societies. Many new type of non-credit co-operative societies were formed during the war period. During the Second World War Indian co-operative movement also experienced several ups and downs.

The movement on the whole, did not make substantial progress because of the laissez-faire policy of the state and the general lack of the principles; inefficient management, high overdue, severe opposition from the moneylenders and unsympathetic attitude and even ridicule of the revenue staff.

1.3.3- Committee Reports & Co-operative Movement in India-

The major development in the co-operative field since independence was the appointment of expert committees, from time to time, as and when Government felt that something was wrong with the movement and expert opinion was called for. Some important committee’s were - All India Rural Credit Survey or Shri.A.D. Gorawall Committee (1951)- appointed by Reserve Bank of India in 1951. It submitted its report in 1954. After analyzing the various causes for unsatisfactory working of the movement, the committee concluded that ‘co-operation has failed but co-operation must succeed.’ The committee recommended an ‘Integrated Scheme of Rural Credit.’ All India Rural Credit Review Committee (1969)- which recommended the entry of commercial banks into the rural credit system started clearly that this was being done to ‘supplement’ and not ‘supplant’ the co-operative credit structure. The committee has said, “The Expanding area and scale of co-operative activity and its growing diversification have also made it necessary that co-operative banks should build up larger resources by way of deposits.” P. R. Dubhashi committee (1972)- recommended that- a) Adoption of professional management, b) Extension of deposit insurance, c) Quality of working- litigation pending, adjournment, hundred percent audit, security of loan proposals, documentation,
loan recovery plan, grant of membership, maintenance of records, revision of bye-laws, Registrars’ power, court procedures, nature of appeals in the court, a common law for all type of Co-operative Societies. K. Madhavdas Committee- submitted report in July 1978 with the recommendations that- Composition of Model Bye-laws, providing finance to small-scale industries, managerial aspects and self-employment etc. Marathe committee for Urban Co-operative Banks (1978)- addressed for the development of UCB’s (i.e. membership, registration, branch expansion, consolidation, mergers and liquidation issues). Ardhanarishwaran Committee (1987)- recommended the- Modern management, Professional management, Financial discipline, Human resource development, Composition of Board of Directors, Criteria for selection of the staff and General Manager. A.M.Khusro Committee (1989)- recommended that- the area of financing agricultural and village development to be assigned to co-operative banks only. Narsimhan Committee (1991)- suggestions influenced the RBI policy- directives about functions in future and the policy adopted by the RBI keeping in view only the problems of nationalized banks, this will not necessarily be relevant but also detrimental to the interest of UCB’s. Narsimhan Committee (1998)- recommended the closer of the branches which are under loss or percentage of loss loans to total loans over 2%, establishment of ‘Asset Reconstruction Fund’, special system for inspection and supervision, for the development of money market committee gave reference of ‘LIBOR’ (London Inter Bank Offered Rate), computerization, consolidation of strong banks to avoid competition, UCBs should be connected with ‘Board for Financial Supervision’, UCBs come under the control of two authorities (Co-operative Dept. and RBI) committee suggested that these controls be slackened, rationalization of disburse loans and investment should be presented two times in a year.

1.3.4- Co-operative Movement in Planned Economy-

Indian planners considered co-operation as an instrument of economic development of the disadvantaged, particularly in the rural areas.

The First Five Year Plan (1951-56)- recognized co-operation as an ‘instrument of planned economic action in democracy’. It was recognized as better suited than the state for ensuring proper utilization of credit for productive purposes. Taccavi loans for
development purpose were to be distributed through the co-operatives. The plan set for the provisions of co-operative credit thus; Short term loan Rs.100 crore, Medium term loans Rs.25 crore and Long term loan Rs.5 crore. The plan emphasized for the development of co-operative marketing and processing of raw materials in the rural areas.

The **Second Plan** (1956-61) was drawn up more or less, on the basis of accepted recommendations of the All India Rural Credit Survey Committee particularly in respect of credit, marketing and processing. Training facilities and multi-purpose societies were also encouraged. A sum of Rs.52 crore was earmarked in the plan for the implementation of the schemes. Besides, the RBI was also provided money to strengthen the capital structure of co-operatives.

The **Third Plan** (1961-66) emphasized that the entire rural economy was to be reorganized on a co-operative basis and this included provision of services such as credit, marketing, storage and distribution co-operation in production diversification. The main provision in the Plan was to cover all the villages and 60% of the agricultural population by 1965-66; to revitalize the Primary Agricultural Societies to make them economically viable, to develop Co-operative Marketing Processing and link credit with marketing; to develop non-credit co-operatives; to strengthen co-operative personnel at all levels; and to provide Rs.530 crore for short and medium term credit; and Rs.150 crore for long term credit during the plan period. A provision of Rs.80 crore was made for the development of co-operation.

The **Fourth Plan** (1969-74), it was decided- to reorganize the Primary Credit Societies by making them viable units; to rehabilitate and to re-organize weak districts.

The major objective of the **Fifth Plan** (1974-79) was to build up a storage and viable co-operative sector with special emphasis on the need of cultivators, workers and consumers. The co-operative development has four specific objectives, viz. to strengthen the network of agricultural co-operative– credit, supply, marketing and processing so as to bring about agricultural development.

The **Six Plan** (1980-85), accepted co-operation as most widely distributed and organized credit system to provide all types of credit to rural areas, revival of non co-
operative units and providing professionally trained personnel to co-operative institutions.

The Seventh Plan (1985-90) continued the programmes and policies initiated in the sixth plan. Efforts made to bring about comprehensive development of Primary Agricultural Credit Societies to function as multi-purpose viable units. For the agriculture and rural development the seventh plan provided Rs.22,233 crores (12.4% of Plan outlay).

The Eighth Plan (1992-97) emphasized the need to follow the Narsimham committee report and tried to make co-operative banking more strong. It was formulated when the country was passing through difficult circumstances, viz.-drastic curbs on imports, high rate of inflation and recession in industry.

The Ninth Five Year Plan (1997-2002) put a targeted annual growth rate of 4.7 percent, in order to achieve the objective of removing the incidence of poverty and unemployment and ensuring food and nutritional security. The targeted growth rate of agricultural output was expected to reach at 3.82 percent per annum and that of agriculture at 4.5 percent and co-operatives expected to contribute optimum level in sustaining economy.

The Tenth Five Year Plan (2002-2007) to achieve high-targeted annual agricultural growth rate and export, massive expansion and up gradation of agricultural marketing, storage and distribution infrastructure are given priority. Facilities for packaging, grading, and certification of agricultural commodities and development of future agricultural markets would be given special attention with adequate funds.

1.3.5- Co-operative Movement in Maharashtra-

Of the total population 70 per cent of the population lives in rural areas. Majority of the population depends on agriculture. Hence development of agriculture, agro-based industries, employment generating activities, infrastructure facilities like roads, drinking water, water for irrigating the crops, electricity, telephones, markets, etc. form part of the rural development.

The co-operative movement in Maharashtra played a significant role in the social and economic development of the state particularly in the rural areas. Initially, this
movement was confined mainly to the fields of agricultural credit. Later it rapidly spread to other fields like agro-processing, marketing, rural industries, consumer stores, social services, etc. Progress of co-operative movement in the last four decades showed an increase of more than four times. There were 20,091 Primary Agricultural Co-op. societies provided service to their members. In spite of this, there were 36,191 co-operative societies engaged in productive enterprises as on 31st March 1997 of which 684 were independent processing societies. There were 3,708 primary co-op. consumer societies, 44,150 primary co-op. housing societies, 746 handloom, 726 power loom, 226 co-op. spinning mills, 20,145 dairy, 2,089 primary fisheries societies, 27 fishery unions and one federation, 6,646 labor contract societies and 296 forest labor societies during 1996-97.  

The co-operatives in Maharashtra have a political, historical, social and cultural heritage. It is particularly strong in Western Maharashtra as the independent movement and the leaders from Pune, Mumbai and Ahmednagar districts initiated social reforms. It is due to favorable climate and development of irrigation facilities for sugarcane, suitable soil and other natural conditions. The Pravara Sugar Co-operative Factory was established in Ahmednagar in 1949, made a spectacular success.

1.3.6- Co-operative Movement in Ahmednagar District-

Ahmednagar is the largest district of Maharashtra with geographical area of 17,048 sq.k.m., which is 5.54% area of Maharashtra. Out of total area, 391.5 sq.k.m. is urban and remaining 16656.5 sq.k.m. is rural area. Ahmednagar is centrally located in western Maharashtra. There are 13 blocks and 1556 villages and 1296 gram sabhas. Out of total population nearly 80% of population lives in rural areas. 

Farming is the main activity of people in district. Out of total workers 75% people work in farming as farmer, agricultural labor, animal husbandry and allied agricultural activities. Agriculture in the district mainly depends upon rains, wells and dams, but the rainfall in district is inconsistent and irregular. 

The co-operative movement in Ahmednagar district has developed on progressive lines. The movement made considerable progress. It plays a crucial role in underdeveloped area. Its purpose is to help poor and needy ones. Co-operative has built a sound structure in credit, as well as, in processing sector. There are 7020 of all type of societies working with 1,823 thousand members, Rs.19,258 lack paid up share capital, Rs.61,225 lack deposits, Rs.2,55,874 lack working capital and net advances.

The co-operative movement made a humble beginning in the district in 1909, showed signs of gradual and steady progress till 1947. Real momentum was however gained only after Independence. Since the introduction of the Five-Year Plans with an emphasis on rural development, the co-operative movement advanced with a rapid pace. Ahmednagar district made remarkable progress in the field of co-operation. In fact a bulk of economic development in this traditionally famine-stricken district is attributable to the growth of co-operative sugar factories, which in turn benefited the agriculturists. Ahmednagar district is called as ‘Sugar Bowl’ of Maharashtra. In India first Co-operative Sugar Factory was established at Pravaranagar, in 1949. At present 18 co-operative Sugar Factories are operational with full capacity. The development of the areas around Shrirampur, Kopergaon, Rahuri, Sanagamner and Ahmednagar is mainly due to the benefits accruing from the co-operative movement.

Socio-economic development of the district that sustained for over a period of about ninety years is attributable to co-operative movement. The opportunities of education, employment, credit, agricultural processing, irrigation, etc. have been made available to the rural people by co-operative movement. The movement has been the source of seasonal and permanent employment for the people in district, as well as, for the rural poverty stricken people from neighboring districts of Marathwada region of the State. It has played an active role in poverty alleviation and lifting the standard of living of people through its direct and indirect contribution. The economic reforms have changed the situation and sustenance is subject to competitiveness.

1.4. OBJECTIVES OF THE STUDY-

A critical study of the role of co-operative movement in sustaining rural economy, in the context of economic reforms, especially in a developing country likes India is
highly complex. The scope of the study is wide. The present study is a case study based study of Ahmednagar District in Maharashtra State and objectives that are decided are as under-

1. To study the role played by co-operative movement in changing overall socio-economic status of the society in India in general and that of Ahmednagar District in particular.

2. To evaluate the relative effectiveness of co-operative movement in generating and sustaining the employment, educational, processing finance (credit) etc. opportunities in rural parts of the country viz a viz; in Ahmednagar district and its impact in changing socio-economic status of the people in the study area.

3. To study the functioning and impact of various socio-economic activities those are operated under co-operation and their impact on rural society in the context of changing socio-economic order.

4. Assessment of the strength and ability of co-operative institutions in maintaining the economic status of rural economy in the context of economic reforms.

5. Evaluating the relative significance of co-operative institutions in transforming and maintaining the life index of rural society in the study area.

6. Assessment of the relative strength of co-operative movement in incomparision with public and private sector during the period of economic reforms.

7. To undertake data based critical economic evaluation of the co-operative movement and understand and assess its role effectiveness in sustaining the rural economy in the changing macroeconomic environment.

1.5- HYPOTHESES OF THE STUDY-

1. Co-operative movement of the country in general and that of Ahmednagar district in particular has played a significant role in changing the socio-economic status of the rural poor.
2. Co-operative movement with different economic activities has been the vital source of rural human capital formation and thereby has been an instrumental in changing and sustaining the socio-economic status of the people those who have been under the wings of co-operation and indirectly helped to change this status those who could not come under the wings of co-operative movement.

3. The easy availability of rural credit, basic and higher education, agricultural marketing facilities, irrigation, electricity, transportation, processing, employment and removal of poverty have been the outcomes of co-operative movement in Ahmednagar district.

4. Co-operative movement of Ahmednagar district has not been just useful to the people those who are directly involved with it but also has contributed towards the alleviation of poverty by providing the employment opportunities to the people from neighboring areas such as Marathwada and Vidharbha the relatively more poverty stricken areas.

5. Since the emergence of co-operative movement has been the outcome of exploitation of rural poor such as landless labourers, 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 of sections and changed the life index of them on sustainable basis.

6. The Co-operative movement in India in general and that of Ahmednagar district in particular has the effective capacity of sustaining the rural economy in a fast changing macroeconomic environment in the context of new economic order.

1.6- RESEARCH METHODOLOGY AND SOURCES OF DATA COLLECTION-

Main methodological thrust of the proposed study is on collection of authentic, relative and secondary and primary data. The secondary data related to facts, figures and every related information on co-operative movement in the country in general and that of Ahmednagar district in particular, which is collected from the available sources in
published and unpublished form. The sources that used for the purpose of secondary data is the research reports, various committee reports, the reports of study groups and proceedings of various conferences, seminars and symposia. Other method of collection of secondary data is discussions and dialogues and informal interviews with the people who are academically expert and those who have the practical experience in the field of co-operation of various forms.

Another method of cross tallying the work is also adopted for data collection. For this purpose an adequate number of respondents selected and personally discussed. After the collection of secondary data the researcher have undertake the exercise of tabulation, interpretation and analysis of the information where the report of the work have taken its final form.

1.7- RESEARCH DESIGN/ SCHEME OF CHAPTERS-

The tentative research design or scheme of the chapters of the research work is as under;

Chapter No. 01 - Introduction- Rationale of the choice of the topic, objectives, hypotheses and methodology and sources of the data collection.

Chapter No. 02 - Review of Literature- The chapter consists of an extensive review of the research work of earlier scholars in the field which helped to develop the background of the thesis and an academic understanding of the researcher.

Chapter No. 03 - Co-operative Movement in the World and its Socio-Economic Contributions/ impact.

Chapter No. 04 - The Socio-Economic Contribution of Co-operative Movement of India.

Chapter No. 05 - Co-operative Movement of Maharashtra, its role, effectiveness and Contribution to the State Economy.

Chapter No. 06 - Profile of Ahmednagar District.

Chapter No. 07 - Background Study of the Co-operative Movement in Ahmednagar District during the study period.

Chapter No. 08 - Main findings of the study based on Secondary Data, Suggestions and Conclusion.
1.8 SUMMARY-

Economic Planning aims at the removal of all economic inequalities and an equitable distribution of wealth. Pandit Nehru clearly stated the importance of co-operative societies that—“I have no doubt theoretically in co-operation; co-operative working is good in every single department of human activity. It is a better way of life and in fact it is an inevitable way of life when you live in crowded communities. There is no other way except the co-operative way.”

During the years 2002-2007, the average growth rate was of about 5.5 per cent which was below the target of 8 per cent showing declining trend, therefore, it is the highest growth rate achieved by Indian economy. In recent years the Indian economy is in a quite stronger position than it was a few years before. Indian economy has accelerated in recent years and the average growth rate in recent years was above seven percent. This performance reveals the strength of the economy. However, it is also needed that large part of population is still below poverty line and not experience a significant improvement in their standard of living. The percentage of the population below the poverty line is declining, but with a deliberate rate. In rural areas and in slums there are many people still lacking the access to basic services such as health, education, clean drinking water and sanitation facilities without which they cannot be empowered to claim their share in the benefits of growth. These problems are especially severe in rural areas. In this context co-operatives have to do many services in this respect. Apart from higher economic growth sustainable development especially in rural areas is needed. Co-operative sector is directly related with people with their own societies to help them to uplift them. Co-operative movement has completed its century in this decade naturally the importance and need is being recognized to provide the assistance through this movement.

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1. “Co-operative Farming (Issued by Lok Sabha Secretariat, New Delhi, P.7.”