CHAPTER - 1
INTRODUCTION AND RESEARCH METHODOLOGY

1.1 Introduction:

Co-operative sector is a third sector of Indian economy after public and private sector. Its major achievements are agricultural and rural developments. Today thousands of co-operative societies have been working in the field of agriculture, housing, marketing, banking, manufacturing and so on. Now a days co-operative organization has become a way of life. These organizations are playing important role in economic progress of weaker sections of the society. Co-operative sector in India has made considerable progress and diversified its activities, so that India has become world’s largest co-operatives sector.

Indian dairy is an important part of agriculture enterprise but in large extent it is subsidiary business of agriculture. Dairy development made remarkable progress with establishment dairy co-operatives. This dairy co-operative business is generally established, managed and organized by its members. Today dairy co-operative business became a model of rural development because number of dairy co-operative societies are established in rural areas and are helping economic developments of rural people. During the year 2007, dairy co-operative network included 170 milk co-operative unions working in 346 districts, which are federated into fifteen state co-operative milk manufacturing federations. This network covers nearly 122534 village level societies and owned by nearly 12.96 million farmer members of which 3.4 million were women.

The number of dairy co-operative unions working in Satara district are decreasing year by year, one side some unions are developing very fast but other side some unions are developing very slow, so it is necessary to make comparison of dairy co-operative unions in Satara district, for this purpose this study covers the role of dairy co-operative unions with special emphasis on organization, financial position, facilities provided to the members,
employment, their working, problems faced by unions, Therefore this topic is selected for the study.

1.2 Theoretical Concept

1.2.1 Concept / Definitions of related terms

To understand the basic concept relating to this study meaning and definition of related terms is studied in the following paragraphs.

1.2.1.1 Co-operation -

Co-operation has been evolutionary concept, it is not possible to provide a final definition of co-operation. We therefore come across different definitions and no single definition has so far succeeded. The concept and meaning of Co-operation has been given by utopian socialists, religious, thinkers, sociologist, economist and reformists in their own way. In the context of circumstances prevalent in their respective countries. Co-operation is derived from the Latin word. “Co” means with and “Operate” means to work, in other words co-operation means working together with other for a common purpose, In the words of prof. Hajella “Co-operation is the movement whose study has involved with time and experience gain by co-operation.” It would be advisable to discuss some definitions given by some authorities on co-operation

1. Prof. C. R. Fay “A co-operative society is an association for the purpose of joint trading, originating among weak, and conducted always in an unselfish spiral, on such terms that all who are prepared to assume the duties of membership may share in its rewards, in proportion to the degree in which they, make use of their association.”

2. Herrick: “Co-operation is the act of poor persons voluntarily United for utilizing reciprocally their own forces, resources or both under their mutual management to their common profit

3. Prof. Lambert: “A co-operative society is an enterprise formed and directed by an association of users, applied within it the rules of democracy and directly intended to serve both its own members and the community as a whole
4. **P. H. Casselman**: “Co-operation is an economic system with social content.

5. **H. Calverts**: “Co-operation, as a form of organization wherein persons voluntarily associate together as human beings on the basis of equality, for the promotion of the economic interests of themselves.

6. **Mr. W. P. Watkins**: “Co-operation is a system of social organization based on the principles of unity, economy, democracy, equity and liberty.”

7. **V. L. Mehta**: Co-operation is a vast movement which promotes voluntary associations of individuals having common needs, who combine towards the achievement of common economic ends.

8. The Indian, co-operative societies Act of 1912 has not given any definition of co-operation. Section 4(c) considers as co-operative society as “a society, which has as its object the promotion of economic interests of its members in accordance with the co-operative principles.

The definition of a co-operative society varies according to time, place and person resulting in divergent views. The co-operative movement has grown through an evolutionary process and has undergone changes with time. Cooperation, which was formerly an abstract concept, has now developed into an institution. The above definitions help us to understand the characteristic features of co-operation.

**1.2.2 Characteristic Features of Co-operation**

1. **An Association of Persons**: The main feature of a co-operative society is that it is an association of persons, not an impersonal grouping of capital like a joint stock company. It is no denying that a co-operative society is also in need of capital, but the emphasis is on man and not on the capital he contributes. In co-operative economics, it is men that count, not money.

2. **It is a Voluntary Organization**: A co-operative enterprise is based upon a voluntary form of organization. None is forced to join a society against his will; force in any form is considered to be incompatible with the concept of co-operation.
3. **It is an Undertaking:** A co-operative undertaking is not only an association; it is also an undertaking. It is not a charitable or philanthropic association. Members themselves at their own expenses and at their own risks run a co-operative enterprise.

4. **It is a Democratic Organization:** A co-operative organization is governed on the basis of democratic principles. Every member of the society has only one vote and no more irrespective of the shares held by him/her.

5. **The Key Note is Service and Not Profit:** The key note of a co-operative enterprise is service and not profit. A spirit of service motivates a co-operative enterprise. Its whole business mechanism is geared towards the provision of most economical service.

6. **The Basis is Equality:** another feature of a co-operation enterprise is that within its membership, relations between man and man are governed by a rule of equality. Irrespective of possible differences of race, caste, creed, political opinion, social status or subscription of capital. All the persons possess equal rights and duties. “There can be no co-operation unless it is between equals.

7. **It is a Socio economic Movement:** The co-operative movement is a socio-economic movement. It aims at bringing about revolutionary changes in social and economic structure by peaceful means. It is based on self-help and stands for moral uplift and honesty. In this connection V. L. Mehata states “The co-operative movement claims to be the principal means of bringing about in a peaceful manner, a social change of a fundamental nature, ushering in a social order which is in exploitative, equalitarian, that harmonizes the dignity of individual with the well-being of the community

8. **Norms of Social Justice:** Co-operative societies have been involved to do away with the evil consequences of capitalism. The procedure involved in the distribution of surplus is therefore somewhat different from that in other Private concerns the surplus of the society is distributed among the members on
the basis of volume of their transactions with the society. This type of
distribution helps the co-operatives to secure social justice.

1.2.3 Principles of Co-operation:

For a clear understanding of the co-operative ideology and to
differentiate it from other business enterprises, the founding - father of the co-
operative movement laid down some definite principles which were expected
to serve as guide -posts for the future development of the co-operative
movement.

According to W. P. Watkins, a former director of ICA “Co-operative
principles are the ideas inherent in co-operation, which determine that it is as a
mode of action. They are ideas which it is the purpose of co-operative activity
to realize.

Mr. George David Vic, a leading Canadian authority on co-operatives
defines

In the opinion of Prof. Dr. D.B. Karve “co-operative principles is a way
of organizing and conducting a co-operative activity which is an inherent and
indispensable corollary of the ideal or the objective of the co-operative
movement.”

The principles of co-operation have changed from time to time to suit
the changing environment and situation so that co-operative movement may
become more meaningful and purposeful.

Co-operation, of course, is a basic social process. Whenever we work
together or aid or facilitate each other, even at the most simple task, we are
co-operating. Whenever we speak of the co-operative movement, we conceive
of a more formal organization of people with similar ideals, consciously
working together for common aims and guided by a set of principles.

The modern formal co-operative movement dates back from 1844 when
28 poor weavers of Rockdale came together and opened a small co-operative
retail shop. They adopted a set of rules, which were later known as the
Rockdale principles and which even today effectively guide the philosophy and conduct of co-operative societies all over the world.

The international co-operative alliance on the request of international conference, held at Bournemouth in (1963) appointed a commission to formulate the fundamental principles of co-operation. The commission recommended that the following should be considered as essential and genuine co-operative principles.

1. **Voluntary Membership**: Membership of a co-operative society should be voluntary and available without artificial restriction or any requisite qualification for being a member.

2. **Democratic Control**: Co-operative societies are democratic organizations. The affairs and management of co-operative societies are administered by majority vote. The supreme authority in a co-operative society is vested in its general body. Each member present at a general meeting is given only one vote irrespective of the number of shares held by him. The managing committee carries on day-to-day administration under the powers derived by it from the general meeting.

3. **Limited Interest on Share Capital**: Share capital should receive only a limited rate of interest. Hence, Dividend on share capital is restricted under the co-operative societies act.

4. **Patronage Dividend**: Surplus or savings out of the operations of a society belongs to its members and be distributed in a manner to avoid one member getting extra at the expense of another. Therefore, the surplus of the society should be distributed among its members in proportion to the transaction of the members with the society.

5. **Promotion of Education**: Co-operative societies should make a provision for imparting education to their members, employees and co-operative workers on the principles of co-operation.

6. **Mutuality**: All co-operative societies should actively cooperate with other co-op. at local, district, state and national level. The basis of co-operation is
thrift, self-help and mutual help. Co-operative societies should encourage the habit of thrift amongst its members. Thrift supplies working capital to the societies. A loan taken by a member should be utilized for a productive purpose. The underlying idea of mutual help is that by joining together members create a valuable security and strength which non of them posses as individuals. By coming together and organizing themselves into a society, member gain advantages which are ordinarily available to the rich, and thereby can eliminate middle men and protect themselves against exploitation.

1.2.4 Dairy Co-operative unions

The Dairy Co-operative Union (DCU) is a union, voluntarily organized by primary dairy co-operative societies with the objective of promotion of socio-economic interest of its members, in accordance with co-operative principles. These dairy co-operative unions reveal the following chief characteristics:-

- It is voluntary organization of members.
- It is democratic organization.
- The main motto is service, not making profit.
- The base is equity and equality.
- These are agencies of social economic transformation.
- It play vital role in between primary dairy co-operative societies and district dairy co-operative union.
- It can manufacture milk product and sold it in market.
- It is Tahsil level union.

1.2.5 Objectives of Dairy Co-operative Unions

1. To enhance economy self-dependence and co-operation among the members.
2. Plan to enhance yield of milking buffaloes and cows.
3. To take extension programme relating to animal husbandry in order to keep pure breeding, improvement in breeding and keeping them healthy.
4. To make provisions for the balance diet (Cattle feed and fodder etc.) of milking animal and to activate programmes for fodder yields.
5. To make available all sale facilities of milk in co-operation with district milk union. And to pay reasonable price according to the quality of milk they provide.
6. To raise and collect capital according to by – laws in order to fulfill need of union and its members.
7. To initiate plant in order to enhance milk producing business.
8. To buy or hire on rental basis the plant or building and other equipments.
9. To accept loan and subsidies from government and financial intuitions in order to fulfill objective of the unions.
10. All related functions to be taken in order to fulfill above mention objectives.

1.3 Statement of the Problem

The dairy Co-operative union is the ideal model for rural economic development. Providing better prices for purchasing milk, providing better cattle feed and fodder, ensuring regular flow of income to its members and all-round development of farmer members of the union.

Despite this, the number of dairy co-operative units is decreasing in the district (out of 11 only 6 are presently working) this necessitates an intensive and extensive probe into the working of these unions and their problems. Keeping this in view the researcher has selected this topic titled as “A COMPARATIVE STUDY OF DAIRY CO-OPERATIVE UNIONS IN SATARA DISTRICT”

Primary Dairy co-operative society procure milk of cow and buffaloes in the morning and evening and supply it to the taluka union, the payment of milk is made on fifteen days interval or as per convenience by the union. Profitability, financial stability, promptness in providing various services, regular distribution of payment of milk, these are the some indicators of
comparative study of the unions. The key area of taluka / district dairy Co-operative unions’ comparison is

1. Organization and Management
2. Procurement of Milk
3. Transportation
4. Profitability
5. Services provided to the members
6. Computerization and automation
7. Directors according to sex, qualification, occupation etc.
8. Classification of employees according to sex, designation, qualification, experience etc.
9. Social responsibility
10. Audit Class

Present study is undertaken for the comparative performance of such key areas in relation to the ‘Dairy co-operative unions in Satara district’.

1.4 Objectives of the Study

1. To review movement of Dairy Co-operative Union in Satara district.
2. To study the method and organization of collection of milk by union.
3. To analyze the financial aspects of Dairy co-operative unions in Satara district.
4. To assess the services provided by the union to their members
5. To suggest remedial measures to improve efficiency of Dairy co-operative unions in Satara district.

1.5 Hypothesis of the study

1. The share of milk of buffalo is more than 80 percent in total milk collection.
2. The operational efficiency of Dairy co-operative unions is not satisfactory.
3. The most of Dairy co-operative unions in Satara district are not financially viable.
4. Services provided by the union to its members are not satisfactory.

1.6 Research Design and Methodology

1.6.1 The universe

The present study is designed to cover all working Dairy co-operative unions in Satara district. The list of Dairy co-operative unions has been obtained from the office of Assistant Registrar of Dairy, Satara. The unions established up to 31 March 2010 are considered for the present study. The talukawise classification of Dairy co-operative unions in Satara district is shown in Table number 1.

**Table No. 1.1**

Talukawise Classification of Unions and Primary Dairy Co-operative Societies in Satara District. (In the year 2003-04)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Taluka</th>
<th>Number of Dairy co-operative unions</th>
<th>Number of primary dairy Co-operative societies.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mahabaleshwar</td>
<td>-</td>
<td>31</td>
</tr>
<tr>
<td>2</td>
<td>Wai</td>
<td>1</td>
<td>115</td>
</tr>
<tr>
<td>3</td>
<td>Khandala</td>
<td>1</td>
<td>91</td>
</tr>
<tr>
<td>4</td>
<td>Phaltan</td>
<td>1</td>
<td>316</td>
</tr>
<tr>
<td>5</td>
<td>Patan</td>
<td>2</td>
<td>199</td>
</tr>
<tr>
<td>6</td>
<td>Man</td>
<td>-</td>
<td>111</td>
</tr>
<tr>
<td>7</td>
<td>Khatav</td>
<td>1</td>
<td>187</td>
</tr>
<tr>
<td>8</td>
<td>Koregaon</td>
<td>1</td>
<td>182</td>
</tr>
<tr>
<td>9</td>
<td>Satara</td>
<td>2</td>
<td>235</td>
</tr>
<tr>
<td>10</td>
<td>Javali</td>
<td>1</td>
<td>136</td>
</tr>
<tr>
<td>11</td>
<td>Karad</td>
<td>1</td>
<td>218</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11</strong></td>
<td><strong>1881</strong></td>
<td></td>
</tr>
</tbody>
</table>

(In the year 2008-09 there were 1002 PDCs in the District)
1.6.2 Selection of the Samples

The universe mentioned above is large but out of 11 dairy Co-operative unions only 6 Dairy co-operative unions are working in Satara district and remaining 5 unions are closed. So the researcher has selected all 6 Dairy co-operative unions for detail study which are affiliated to Satara district. Taluka wise Dairy co-operative unions selected for the detail study are given in the table 1.2

Table No. 1.2
Taluka-wise working Dairy Co-operative Unions in Satara District According to Location.

<table>
<thead>
<tr>
<th>Sr No.</th>
<th>Name of the Union</th>
<th>Remark</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Javali Taluka Dudh Puravata Sangh Ltd Medha, Tal Javali</td>
<td>Working</td>
</tr>
<tr>
<td>2</td>
<td>Phaltan Taluka Sahkari Dudh Puravata Sangh Ltd Phaltan</td>
<td>Working</td>
</tr>
<tr>
<td>3</td>
<td>Khandala Taluka Sahakari Dudh Puravata Sangh Ltd. Shirval Tal-Khandala</td>
<td>Working</td>
</tr>
<tr>
<td>4</td>
<td>Koyana Sahkari Dudh Utpadak Prakriya Sangh Ltd. Karad</td>
<td>Working</td>
</tr>
<tr>
<td>5</td>
<td>Patan Taluka Sahakari Dudh Utpadak Sangh Ltd. Patan</td>
<td>Working</td>
</tr>
<tr>
<td>6</td>
<td>Shivshambhu Sahakari Dudh Purvatha Sangh Ltd Doulatnagar Tal -Patan</td>
<td>Working</td>
</tr>
</tbody>
</table>

1.6.3 Reference Period

The primary and secondary data as on 31/03/2010 was taken into account. However, the statistical data of last five years i.e. 2005-2006 to 2009-2010 was taken into account form the working Dairy co-operative unions.

1.6.4 Techniques of Analysis

For this study collected data was processed and tabulated suitably so as to bring out the information of aspect of the working and management of dairy Co-operative union in Satara district, while analyzing the data simple statistical tools such as percentage and average are used. Moreover the data is presented with the help of charts, graphs and maps.
For the purpose of comparative study of financial and other statements of Dairy co-operative unions, trend analysis is made, the year 2005-06 is taken as base year and each item in this year is taken as 100. The percentage of same item in the subsequent years is calculated in order to know the trend of the capital and liabilities, assets, income and expenditure. Researcher has also applied statistical technique of ratio analysis to make comparison of the Dairy co-operative unions.

1.7 Tools used for Collection of Data

The primary as well as secondary data for the study has been collected from the following sources

1.7.1 Primary Data

The primary data has been collected by conducting survey in the working Dairy co-operative unions in Satara district. The data collected through the following ways.

1.7.2 Questionnaire -

Questionnaire is the most important tool in collection of primary data for the present research work.

For the pilot survey Koyana Dudha Sahkari Prakriya Sangh, Ltd. Karad of Satara district was selected with the help of draft questionnaire. This questionnaire was also discussed with Chairman, Secretary, Auditor and working staff of the union and with also Managing Director and the Manager of the union. The questionnaire was finalized after considering the suggestions and the information from the above dignitaries.

A detail survey of other working Dairy Co-operative Unions was done with the help of this questionnaire. The questionnaire covers general information regarding the unions, members, directors and employees, details about procurement of milk and sale of milk, facilities provided to the employees, production of milk byproducts, facilities provided to the members, audit class, distribution of profit, income and expenditure, assets and liabilities
and problems faced by the Dairy co-operative unions. The questionnaire prepared for the study covers following aspects.

- General information of the union.
- Information regarding members, directors and employees.
- Detailed information about procurement and sale of milk.
- Details about facilities provided to the employees and members.
- Details about milk and milk byproducts.
- Details about income and expenditure.
- Details about liabilities and assets.
- Problems of dairy co-operative unions.

In the first instant, the questionnaire is circulated to the manager of all working dairy co-operative unions in Satara district by personal visit.

The researcher has found number of difficulties to collect, filled questionnaire from the unions. In spite of such difficulties, it became possible to collect primary data with the help of manager and their staff for that researcher visited all working dairy co-operative unions personally and collected the required data.

1.7.3 Discussion and interviews -

Personal discussion and interviews were held with managing directors, managers, officers of milk union, as well as chairman and employees of dairy co-operative unions on certain issues, to solicit views and opinions of the member societies on certain issues, (like level of satisfaction about services rendered) 20% of the societies were interviewed.

1.7.4 Observation -

Observation method has been also used for collection of related information. The Researcher has attended some directors meeting organized by the Taluka unions. The researcher has also observed the working of dairy plant and discussed with the employees. The discussion and observation found helpful for identification of various dimensions of the topic selected for the study.
1.7.5 Secondary data -

The secondary data which is necessary for the study has been collected from the following sources:-

1. Annual audit report of dairy cooperative unions.
2. Published library sources such as Books, Journals, and Magazines etc.
3. Unpublished sources such as M.Phil Dissertations and Ph.D. thesis.
6. Websites.

1.8 Significance of the study -

Co-operation is a subject which is related with the social and economical aspect of the state of the Maharashtra, much research work has been done in the field of co-operation and dairying. These studies cover the importance, problems, prospects and so on. But “A Comparative Study of Dairy Co-operative Unions in Satara District”. remain neglected area. This is a first attempt of such study in Satara district.

Today dairy co-operative unions are in crisis because of the competition from privatization coming in milk industry. So performance has become an important aspect of survival, growth and development. The performance is closely related with the business organization in general. Co-operation is a form of business organization but presently co-operative unions are not so serious about the survival. If performance does not remain satisfactory, it will effect the business of dairy union. Therefore comparisons of the unions are necessary.

Moreover no study has covered the “A Comparative Study of Dairy Co-operative Unions in Satara District”. The present study tries to cover up this gap. It tries to study not only the working but also organizational and financial aspect of dairy co-operative unions in Satara district. The findings and suggestions of this study may be very useful in the successful functioning in dairy co-operative unions in Satara district. This study may be valuable to the
Co-operative department in general and the Dairy co-operative unions in Satara district in particular.

1.9 Scope and limitations of the study

1. The total numbers of dairy co-operative unions in Satara district are 11 out of these 5 unions are already closed hence 6 working unions are taken for detailed study.

2. The period selected for the study is restricted to 5 years from 2005-06 to 2009-10.

3. The study is confined to dairy co-operative unions in Satara district only.

4. The emphasis of the study is on the performance evaluation of dairy co-operative unions on the basis of selected criteria.

5. The study covers dairy co-operative unions established in Satara district up to 31/3/2010

6. The closed /liquidated dairy co-operative unions are not considered for the study.

7. This stipulated time period within which the study is to be completed is also one of the limiting factors.

1.10 Chapter scheme -

The present research work is organized into six chapters as mentioned below.

Chapter 1 : Introduction and Research Methodology

In this chapter introduction, Theoretical concept, statement of the problem, Objective and hypothesis of the study have been given. Moreover, Research design and methodology, tools used for collection of data, scope and limitations of the study as well as significance of the study and chapter scheme of the study have been given.
Chapter 2: Review of Literature

In this chapter the articles published in various periodicals such as dailies, magazines. Special issues etc. have been reviewed and conclusion has been drawn from these extracts. Also M.Phil, Dissertations and Ph.D. Thesis have been reviewed in this area.

Chapter 3: Profile of Satara District

In this chapter included brief history of Satara District, relation to location, main physical features, Climate, Natural zone, Forest, Agriculture, Irrigation facilities, Industry, Transport and Communication facilities, Road, Medical, Electricity an postal information. It also involves population, Density, Sex ratio and brief history development of all types of co-operative societies. It also includes present dairy unions in Satara District.

Chapter 4: History and Development of Dairy Co-operative Union

This topic includes co-operation, Meaning, Definition, Need and Importance of co-operation. It also includes historical review of Dairy Industry in India and History of Dairy Co-operatives in Denmark, History of operation flood program in Maharashtra, Development of Dairy Co-operative Societies in Maharashtra and Satara district.

Chapter 5: Analysis and Interpretation of General and Financial Analysis of Dairy Co-operative Unions in Satara District

This chapter forms the major part of the present study highlighting the brief profile of various co-operative unions under study and dealing with analysis and the interpretation of the data collection pertaining to the study. This chapter is important one as the conclusions and the findings of the study are based on analysis and interpretation of the data. This chapter is presented in two parts i.e.

A) The profile of six selected dairy co-operative unions in the district on the basis of various key factors like location, year of establishment, daily milk collection, sale of milk, computerization etc.

B) Financial analysis of the unions selected for the comparative study.
Chapter 6  Observations and findings, problems and suggestions

This is the last and concluding chapter of the present study highlighting the main observations and findings of the study and the suggestions for the development of dairy co-operative unions in the district. This chapter is presented in two parts. Observations and findings, Problems and Suggestions.
References

1. C. R. Fay : Co-operation at home and abroad, page 5
2. Harrick : Rural credit, page 7
3. Prof. Lambart : The social philosophy of co-operation.
5. H. Calverts (1921): The low and practices of co-operation, page 11