

CHAPTER - I

**INTRODUCTION
AND
RESEARCH**

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CHAPTER - I

INTRODUCTION AND RESEARCH

1.1 INTRODUCTION -

In India, one can see lakhs of small villages have been turning into towns. And one of the common features that is obvious the existence of co-operative society functioning well in the life of these urban people.

This emergence of co-operative society is the outcomes of needs of a common man. A large class is basically a middle class. Salary and small scale industrialist class. The need for finance is being fulfilled by these co-operative credit societies. The Indian co-operative movement was originally unshered in for the supply of rural credit. However in course of time the co-operative ideology began to find favour with the urban people, or important manifestation of which is the emergence of non-agricultural credit societies by names like urban co-operative banks, employees credit societies etc. are cutter in the financial needs of the people of small means such as traders, small producers, artisans, salaried employees, transport operators, small businessman, etc. over the years this wake of establishing non-agricultural credit societies got a momentary and now they have become a vital part of the urban life in India.

Importantly, unlike the agricultural credit co-operatives in the country, the development of the urban credit societies has been entirely on its own and without any kind of government support. For them no targets are fixed, no subsidies are given, no training programmes are organised and no free managerial assistance is

provided not with standing this, the urban credit societies have increased in numbers, swollen in membership, mobilised plenty of working capital themselves, grown branch expansion programme, shown considerable efficiency of work and lived for substantially longer period of time embracing a number of decades.

The self - sustained growth of the urban credit societies can well be attributed to the environment in which they functioned. Dense population education non - official, social workers considerable bigger turnover, easy availability and paid personnel of office work efforts to update managerial and technological set ups in order to complete effectively with the commercial banks in the locality. Computerization of their offices ahead even of the commercial bank branches can be viewed as on of the examples. Additionally they have a personal touch with the clients while doing their business client - oriented business is their specialty. They do their business without profit motive while on competency honouring the co-operative principle.

These societies mainly provide finance to the people who can not easily borrow money from the big financial institutions. Some of them provide finance to agriculture sector only. The reborrow the small scale industries and salaried persons were unable to get loan and finance. Co-operative credit society was the remedy for this problem. These banks emerged to help these people fulfill their needs.

Now co-operative credit societies are one of the veins of finance circulations and they provide loans and other facilities to common man and that also in easier ways.

Though the area of their operation is limited, they try to provide best of their services to the members and to the people residing in that area.

Co-operation is one the characteristics of the human beings. As the evolution of humans started taking place, the role played by co-operation can not be neglected any how co-operation simply means carrying any work with the help of each other. The chief aim underlying the organisation of such institutions is the advertisement of economics interest of members and protection and maintainance of the economics independence of small producers by making up the economics deficiency through pooling of resources the economics of large scale production.

H. CALVERT -

"Co-operation is a form of organisation in which persons voluntarily associate together as human beings on the basis of equality for the promotion of economic interest of themselves."

G. F. STRICKLAND -

"Every group of individuals associated to secure a common and by joint efforts may be said as co-operation."

V. L. MEHTA -

"Co-operation is only one aspect of vast movement which promotes voluntary association of individuals having common needs who combine towards the achievements of common economic ends."

1.2 FUNCTIONS OF CREDIT CO-OPERATIVE SOCIETIES -

- 1) To raise funds by means of issuing shares borrowing money, accepting money on deposits on interest or otherwises.
- 2) To lend Money to shareholders.
- 3) To encourage thrift, self help and co-operation among the members.
- 4) To invest money or funds of the societies.
- 5) To prevent the shareholders from falling into permanent indebtedness.
- 6) To carry on trade for the benefit of the members.

1.3 HYPOTHESIS -

The following hypotheses are tested on the basis of the study.

- 1) The urban co-operative credit societies are playing useful role in Mahabaleshwar Taluka.
- 2) The urban co-operative credit societies are giving several financial facilities to the people in the taluka.
- 3) The overall working of urban co-operative credit societies is satisfactory.

1.4 OBJECTIVE OF THE STUDY -

The study has been carried with the following objectives.

- 1) To study the theoretical framework of selected urban co-operative credit societies in Mahabaleshwar Taluka.

- 2) To study the financial structure and lending policies of urban co-operative credit societies in Mahabaleshwar Taluka for the people.
- 3) To study the development of different groups taking assistance from 'A study of selected urban co-operative credit societies in Mahabaleshwar Taluka'.
- 4) To study the problem faced by people groups.
- 5) To analyse the data and finance, other related data and its evaluation.
- 6) To highlight the profile of the selected urban co-operative credit societies in Mahabaleshwar Taluka.
- 7) To present findings, conclusions and suggestions.

1.5 RESEARCH METHODOLOGY -

A) Survey Method -

The research methodology adopted for this project is a 'Survey study Method'.

The study of working of the urban co-operative credit society's in taluka was taken in this project in general and human resources and financial aspects in particular.

B) Reference Period -

This study is conducted with reference to three financial years 2003-04, 2004 -05, 2005-06, 2006-07 and 2007-08. The selection of the years was for the convenience of research study.

C) Technique of Analysis -

The collected data is presented in the form of tables, charts, graphs. In addition, simple statistical techniques such as percentage, average etc. have also been used. The SWOT (Strengths, Weakness, Opportunities and Threats) analysis has been applied to evaluate the performance of these units.

1.6 TOOLS USED FOR COLLECTION OF DATA -

This study is based on primary and secondary data.

a) Primary data -

The information about the society has been collected with the help of questionnaire and interview with the manager and co-operative societies head office from Mahabaleshwar and employee of the urban co-operative society.

b) Secondary data -

i) Annual reports -

Annual reports and audit statements of the co-operative society have been used.

ii) Books and Journals -

The books and journals and magazines on co-operation have been referred for the study of the units selected.

1.7 SIGNIFICANCE OF THE STUDY -

The people in Mahabaleshwar taluka are financially weak and illiterate. Developing habit of economy, they invested their money in small - scale units operated by people. Their entrepreneurship is giving assistance to the financially poor man's and self-employment.

This work is done by co-operative credit societies. It gives greater opportunities and solves the financial and other problems. Raising funds, using their funds, and solving another problems of small traders.

This study will be helpful to all urban co-operatives credit societies in Mahabaleshwar Taluka. This study covers roll played by urban co-operative credit societies in taluka in development of Mahabaleshwar taluka and working of urban co-operative credit societies. The findings of study will help urban co-operative credit societies to make self assurment of their working and to improve their performance.

1.8 SCOPE AND LIMITATIONS -

This project has been carried out for studying co-operative society. The study reveals some aspects of the society as -

- A) Overall working of the co-operative credit society.
- B) Aspects of the society viz members.

Loans policy

Infrastructure

Data collected for last five years.

The study of above aspects will play important role in revealing the overall working of the Co-operative Credit Societies. Its financial status and policy regarding loans disbursement, deposits and other services to customers.

1.9 LIMITATION OF THE STUDY -

This project has the following limitations.

I) Geographical Limitation -

The present study is related with the limited area. In the area of Mahabaleshwar taluka only.

II) Time Limitations -

Time is another important/major factor because of which a comprehensive study is not possible.

III) Methodology -

The analysis has been done as per the data collected by primary and secondary method.

1.10 CHAPTER SCHEME -

The present study is divided into six chapters.

1) Introduction -

The first chapter is the introduction, which includes importance of study, objectives, hypothesis, research methodology and expected contribution.

2) Review of literature -

Review of literature covers introductions, committees, study groups and commissions, law relating to banks and co-operative credit societies.

A study of selected urban co-operative credit society in Mahabaleshwar taluka.

3) Theoretical framework -

The third chapter covers definition, objectives/functions of co-operative and banking, progress of urban co-operative Banks in India and Maharashtra. It also includes non performing assets of co-operative societies.

4) A study of Selected Urban Co-operative Credit Societies in Mahabaleshwar Taluka -

The fourth chapter deals with profile of "A study of selected urban co-operative credit societies in Mahabaleshwar Taluka". It covers origin, objective, location, organization and management aspects of the society. It also includes financial position and future plan of the society.

5) Data analysis -

This chapter covers details of analysis of data related to mobilization of different types of deposits and details of various types of loan given by the society and ratio analysis during the period of 2003-04 to 2007-08.

6) Observations and Suggestions -

The sixth and last chapter is intended for giving observations and suggestions.