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CHAPTER - I

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RESEARCH METHODOLOGY

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CHAPTER - I I

RESEARCH METHODOLOGY

- 2.1. Introduction.
- 2.2. Aims & Objectives.
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2.1. INTRODUCTION :

As stated in the earlier chapter the Non-Agricultural Co-operative Credit Societies may be divided into urban banks, salary earner's co-operative credit societies and urban co-operative credit societies. All these types of credit institutions are registered under Co-operative Societies Act. Till 1939 the word bank was synonymous to the urban credit society, but later the word bank is bifercated from the same meaning. Mehta, Bhansali Committee (1939) initiated to define the urban co-operative society, i.e. a society whose share capital is above 20,000 and operates the current account with cheques and drafts was called as urban credit society. Even in old Madras State the word urban bank was synonymous to the credit society. Since 1939, various committees tried to define the urban bank, the credit society and salary earner's society etc. (Co-operative Planning Committee, 1946, RBI survey 1957-58 Vardhe Committee, 1963). After passing the banking regulation act of 1949 the word bank is not applicable to the credit society and the salary earner's society. According to the act of 1949, a primary co-operative bank is one which aims to (1) practice bank business (2) share capital not less than 1 lakh is called as primary co-operative bank.

The present research study is only related to the urban co-operative credit societies. These societies are purposively selected to review their performance because urban co-operative banks and salary earner's co-operative societies

are self reliant. Particularly urban co-operative banks are competing with commercial banks on a very successive way due to their local sense and social responsibility. The salary earner's co-operative credit societies belong to the monthly salary earners. So they have no problems in connection with overdues and recoveries. So only the urban co-operative credit societies are some how existing, working and serving on a small scale basis fulfilling the needs of common man. Recently the crop pf such urban co-operative credit societies is growing lavishly, Particularly in Maharashtra, so a researcher decided to study the progress, working and social responsibility of credit societies.

For the purpose of reviewing the performance, the credit societies established in Solapur city are considered purposefully. There are 69 urban co-operative credit societies in Solapur city, upto the year 1986-87. Out of these societies two credit societies whose working capital is highest are selected and like that two credit societies whose working capital is least are selected. Another one credit society which has a special characteristic, i.e. it is belonging to the SC, ST people is selected purposively. No criteria is adopted for the selection of this kind of society. We call the societies, as, whose working capital is highest are called viable societies; Group A, and the societies whose working capital is lowest among all are called as Non-viable; Group B, societies. Group C society includes the society run, managed

and organised by Scheduled Caste and Scheduled Tribe (SC and ST) people. Accordingly, the name of co-operative societies are as under -

A) Group A : Viable Co-operative Credit Societies -

- 1) Sahastrarjun Urban Co-operative Credit Society Limited,
Solapur (SUCCS)
- 2) Bhavsar Urban Co-operative Credit Society Limited,
Solapur (BUCCS)

B) Group B : Non-Viable Co-operative Credit Societies -

- 1) Jiveshwar Urban Co-operative Credit Society Limited,
Solapur (JUCCS)
- 2) Tirumal Urban Co-operative Credit Society Limited,
Solapur (TUCCS)

C) Group C : SC/ST Managed Society -

- 1) Mochi Samaj Urban Co-operative Credit Society Limited,
Solapur (MUCCS)

Except Tirumal Urban Co-operative Credit Society Limited, Solapur, other four society's operational area is the whole Solapur city. Generally we assume that the societies who are categories in audit class 'A' are called as viable societies. Audit class 'A' may be defined as - "Societies as near perfection as we can hope to go" and the weak societies are generally categorised below 'B' class of audit.

2.2. OBJECTIVES OF STUDY :

- 1) To assess the performance of urban co-operative credit societies in Solapur city.
- 2) To identify the major factors responsible for the growth of credit societies.
- 3) To identify the major problems of urban co-operative credit societies.
- 4) To suggest some remedial measurements for the development of urban co-operative credit societies.

2.3. HYPOTHETICAL QUESTIONS :

Generally urban co-operative credit societies are established in metropolitan, urban and semi urban centres. However in a village whose population is more than 10,000 is entitled to establish the urban co-operative credit society. Eventhough, in Maharashtra with a prior permission of the Minister of Co-operation, the urban co-operative credit society may be established in any population group of villages. Recently in Maharashtra the number of urban co-operative credit societies are increasing rapidly. On the other hand there is a much hatred and abuse that near about 50% of urban co-operative credit societies are either not functioning or weak.

Although no other banking agency or credit agency is concentrating on the needs of lowest and middle class population of urban area except urban co-operative credit society. Not only this but the popularity of urban co-operative societies is

increasing. They have better link between deposits and credits. Because of the local contact, they may overcome any problem they face. But it is seen by a researcher that few urban credit societies work on a successive manner and few urban credit societies go wrong. With this hypothetical assumption, the researcher has organised the survey covering varieties of urban credit societies categorised into groups A, B, C etc. The more emphasis is given to study the working of urban co-operative credit societies. With this background, the study is conducted to find out the answers to the following hypothetical questions.

- 1) Why the viable societies become so viable?
- 2) Why the weak societies remain so weak?
- 3) What factors are responsible to become a viable societies and what factors are responsible for being to remain a weak society?
- 4) What is the economics of urban co-operative credit society? and what ought to be?
- 5) What steps are required to be undertaken to professionalise the management; both at micro and macro level planning for co-operatives?
- 6) What steps are required to be undertaken in developing effective member involvement and strengthening co-operative leadership? What is the present position of member involvement and co-operative leadership? etc.

2.4. DATA COLLECTION :

Mostly the study is dependent on the secondary sources of data. The required statistical informations are collected from Deputy Registrar and Assistant Registrar, Co-operative Societies, Solapur and the Annual Reports of selected urban co-operative credit societies; other than these informations a researcher had interviewed the Chairman, Vice-Chairman, eminent Executive Board Members, Secretaries and other consious members of the selected urban co-operative credit societies. The interviews were conducted on an unstructured manners i.e. open discussions with said respondents in connection with the subject we selected. The frequency analysis of opinions are not thought to analyse. The descriptive type of explanation is done. The data mainly is concerned with working capital, share capital, members, factors influencing the viability or non-viability of urban credit societies, etc.

2.5. LIMITATIONS OF THE STUDY :

- 1) The study is based on the performance and problems of Urban Co-operative Credit Societies only. No reference of primary Urban Banks is made in this study, though they are engaged and contributing towards urban needs of credit.
- 2) The study is a representative of the whole macro urban credit policies concerned with only co-operative societies registered under Co-operative Societies Act of Maharashtra State.

- 3) The informations and data from weak urban co-operative societies are not available easily because no full time staff was appointed and working hours are also not definate.
- 4) The political interests in establishing the urban co-operative societies are not taken into consideration.
- 5) No Annual Reports of weak units and SC/ST unit are available. However the information and data has been dictated by the authorities concerned. So, there is possibility of suspicious or dubious data. Eventually the datas are adjusted so as to maintain the existance of urban co-operative credit society.

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