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INTRODUCTION AND RESEARCH DESIGN

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Chapter - 1

INTRODUCTION AND RESEARCH DESIGN

1.1 Introduction

Since ancient times co-operation plays an important role in human society. That's reference is also found in Vedas. The ancient Indian scripture Rig-Veda states;

'May you all have a common purpose,

May your hearts be in unison

May you all be the same mind

So that, you can do work efficiently"

Co-operation is important for all-round development of the human society. It is an important instrument which brings fundamental changes. The fundamental changes in the society is possible through co-operative movement. The birth of co-operative movement was due to fundamental human wants and common behaviour. In co-operation people come together, help each other for the common benefit. Co-operation is the backbone of economic & social activity, it requires sacrifice & dedication. According to Aristotle, man is a social animal. Co-operation is better than competition which is the natural way of development of weaker section of *the* society. Hence, experience shows that, co-operative behaviors always benefits the common people. The idea of co-operation is as old as society itself. In the hunting stage people come to know that, it is better to work

with help of friends or family members instead of working himself, so that any type of work could be finished so early.

For every society, co-operative activity is essential in general and for weaker section in particular. The fundamental principle of Co-operation is that, every person should work voluntarily. Co-operation is the way of life which involves dedication, sacrifice and honesty. The moral development results into development of better standard of living. For this purpose, co-operation is the best system for self development, mutual co-operation; service and moral power are the four principle co-operative movement.

1.2 Meaning of Co-operation

The word Co-operation is derived from Latin word Co-operative, which means to work together or work is to be done with the help of mutual co-operation.

1. Holyoake defined Co-operation as "A voluntary concert, with equitable participation and control among all concerned in any enterprise".
2. According to Mr. C. R. Fay, A co-operative society is an association for the purpose of joint trading, originating among the weak, and conducted always in an unselfish spirit, on such terms that, all who are prepared to assume the duties of membership ^{have} share in its rewards, in proportion to the degree in which they make use of their association.

3. Paul Lambert - A co-operative society is an enterprise formed and directed by an association of users, applying itself the rules of democracy and directly intended to sure both its own members and the community as a whole.
4. Sir Horace Plunkett's definition Co-operation is "self-help made effective by organization". He summed up theory and practice of Co-operation, better farming, better business, better living. It reflects spirit of co-operative enterprises. It emphasis on the principle of self help.
5. 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.
6. W. P. Watkins - Co-operative principles are the ideas inherent in co-operation, which determine, what is as a mode of action. They are ideas of co-operative activity to realize.
7. D. G. Karve - Co-operative principle is a way of organizing & conducting co-operative activity which is an inherent and indispensable corollary of the ideal of co-operative movement.
8. The Indian Co-operative Societies Act of 1912 has not given any definition. But Section 4 (c) considers

a co-operative society as a society which has its objects of promotion of the economic interests of its members in accordance with co-operative principles.

9. International Co-operative Alliance Commission states that -
The principles are those practices which are essential and absolutely indispensable to the achievement of co-operative movements purpose.

In short, it is a universal movement. It is found in all the countries of the world. It is a movement whose watchword is action. It is an autonomous body based on the principle of democracy.

1.3 Birth place of Co-operative movement - England

Co-operative movement was started in India in the year 1904. But even before 1904 there was an existence of co-operation. Some references are found in Kautilya's "Arthashastra" and Tukaram's literature in respect of co-operation. In modern technical sense the genesis of co-operative movement and its application in the economic field can be traced after the industrial revolution which took place in England during the second half of the eighteenth and first of the nineteenth century. Co-operation as is understood today as an economic system was born as a peaceful section against the mercantile economy and industrial revolution which had resulted in the concentration of wealth, mass poverty and degradation. Charles Fourier has stated that, the corrupting forces of capitalism were soiling

everything around his; civilization has been ravished. Co-operation as a new philosophy, therefore, developed as a result against capitalism and irrational inequality. Co-operation was conceived as the answer to the injustice of capitalism and was developed as its antidote.

Rochdale established weavers co-operative consumer society with the help of 28 members in 1844. Robert Owen was modern thinker of the co-operative movement. Robert Owen Charles, Foeiyar, Saint Simon, Dr. William King, Schultz, Mahatma Gandhi, Vaikunthlal Mehta, D. G. Gadgil emphasized the co-operative society.

1.4 Characteristics of Co-operaton

There are many characteristics of co-operative society. Some of the important characteristics are as follows;

1. Association of Persons

Business needs capital, co-operative emphasizes human capital than material capital.

2. It is an understanding -

A co-operative understanding is not only an association. It is also an understanding. A co-operative enterprise is run by members themselves at their own expense and at their own risk.

3. It is a voluntary organization -

No one is coerced to join a society against will. Coercion in any form is considered to be incompatible with the concept of co-operatives.

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 number of shares held by them.

5. Service and not Profit -

Co-operative enterprise is motivated by a spirit of service; its whole business mechanism is geared towards the provision of economic service.

6. The basis of equality -

Irrespective of possible differences of race, 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 based on proportionality or equity -

The surplus is distributed not according to shareholdings but according to proportion of business operation a member has affected with the society.

8. It is socio-economic movement-

It aims at beginning about revolutionary changes in the social and economic structure by peaceful means. It is based on self-help and stand for moral uplift and honesty.

9. V. L. Mehata

At the service of both of the members and of the community. V. L. Mehata has stated; it is the claim of the co-operative movement that it can be principle means of bringing about in peaceful manner, a social change of fundamental nature, ushering a social order non-exploitative, equalitarian tolerant that harmonize the dignity of the individual with well being of the community.

10. It speaks of universal coverage :

Membership is open to all those who are convinced of its benefits and who are prepared to share the duties and responsibilities. Co-operative coverage has no limits of any kind.

11. It is an autonomous unit with face of democracy.

The society is administered by the members of the society themselves. One man one vote and one share one vote. Rights and privileges are not apportioned according to the members of the shares by a member.

12. It is action oriented movement -

Co-operatives are always on the move by keeping the lamp in action. Co-operation is an act of poor persons voluntarily united for utilizing reciprocally their own forces and resources or both under their mutual management to their common or loss.

1.5 Sample Selection

Vittalai Mahila Co-operative credit society Kh. Tarale from Kolhapur district is being selected. It has played significant role in modern banking sector. Banks boost the economy. If banks are closed for two days then entire economy will collapse. In short, banks are nerves of the economy. Nerves of the body helps to maintain the body. Hence, there is a greater significance of banking system in the economy. Credit societies which are established on the basis of co-operation has helped effectively in providing credit to the weaker section of the society. The problem of rural credit has solved satisfactorily. Simultaneously considering the problems in urban areas the co-operative societies are also established in urban areas.

Co-operation is the instrument of economic development. Human development is impossible without co-operation. Especially, co-operative societies are contributing for the economic development. The present study concentrate on Vittalai Mahila Co-operative Credit Society, Kasaba Tarale in Kolhapur district. The study will focus mainly on deposits, loan, recovery of debt, management of co-operation, services given to members etc.

Shri Vittalaj Mahila Co-operative Credit Society, Kasaba Tarale, Dist. Kolhapur was ~~purposively~~ selected. Because this credit society is run by women and due attention is paid to the development of females. Credit society provided loan at low rate of interest for the

development of agriculture, dairy, education, food grain processing units, males are not involved in the society but they can perform the economic activity with females. For needy peoples this is society .very much useful.

1.6 Objectives of the Study

The objectives of the study are on -

- 1) To examine co-operative management of Vittalai Co-operative Credit Society, Kasaba Tarale, Dist. Kolhapur.
- 2) To study the financial performance and management of the society.
- 3) To study the impact of credit provision to the members of the society.

1.7 Methodology of Study

- 1) In order to study Vittalai Mahila Co-operative Credit Society secondary sources of data has been used from annual reports of the society.
- 2) Discussion with office bearers like Chairman, Vice-chairman, Managers, office staff has been conducted. From the data information some conclusions have been drawn.
- 3) Individual discussion with the members of the society, books, journals have been used for the conceptual framework of the study.

1.8 Limitations of the Study

While applying above methodology the following were constraints faced by the researcher.

- 1) The study of Vittalai Mahila Co-operative Credit Society, Kasaba Tarale, Dist. Kolhapur is based on the annual reports of the society.
- 2) The present study is limited to Vittalai Co-operative Credit Society. Comparative study with other co-operative credit society is not considered.
- 3) The period of study is limited to the 1990-91 to 2000-03.

1.9 Conclusion

Co-operation is the instrument of economic development. Experience of the many countries shows that, socio-economic development is possible through co-operative movement. Co-operation and co-operative banks has played an important role in the development of the economy. Various types of co-operative societies can be formed with the help of co-operative act. If co-operative societies are formed by the females, then socio-economic development can be achieved in better manner.