

CHAPTER I

METHODOLOGY, OBJECTIVES AND
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CHAPTER I

1. Introduction :

The dissertation, entitled as "A Study of Operational difficulties of Primary Agricultural Credit Societies (PACS) in Barshi Taluka", is submitted to the Shivaji University, Kolhapur, as a partial fulfilment of the requirements for the award of M.Phil. degree.

The study is an empirical one and based on actual observation of agro-economic factors like, yield from agriculture, cropping pattern, irrigation facilities, and income of farmers; agro-climatic factors like rainfall and famine, and relative impact of all these factors on the working of the PACS. A detailed study of operations of the PACS is made and an attempt has been made to see how the PACS are managed.

Barshi taluka is particularly rabbi taluka--when we take into account its agriculture. Ninety percent of the land under cultivation in this taluka is non-irrigated and entirely dependent upon monsoon. Majority of the formers ^a have to raise food crops from their land. Their agricultural income is very low due to inadequate rainfall and low productivity. Low agricultural income affects their borrowing capacity and loan repayment capacity. Such a situation creates operational difficulties before the PACS. PACS have

to face with the problems of low recovery, mounting overdues, and low disbursement of loans. More than 75 percent of the PACS have "C" or "D" as audit class. Therefore one may feel it necessary to go into, and conduct the study of operational difficulties of the PACS.

2. Scope and Objectives of the Study :

This study is confined to the Primary Agricultural Credit Societies in the jurisdiction of Barshi taluka (Solapur district). The physical and agro-economic profile of only Barshi taluka has been considered for the purpose of the study. Therefore, the conclusions of the study may not be applicable to other parts of the Solapur district.

Specifically the objectives of the study are :

- (1) To study the operations of the PACS in order to know their credit and non-credit activities;
- (2) To identify the PACS's operational difficulties and their relative impact on the working and financial conditions of PACS.

Hypothesis. Within the framework of the above objectives, the study aims at testing the following hypothesis:

- (1) Influence of the socio-economic and agro-climatic conditions on the operations of the PACS.
- (2) Management of loan operations and its relative impact

on financial position of PACS.

3. Methodology:

Normative survey method of research has been employed for conducting this study. This is so because Survey of socio-economic and agro-climatic conditions of the area of PACS under study is required for which only survey method is justifiable. Macro analysis of the operations of the PACS in the State of Maharashtra, and Solapur district, has been made and micro approach has been adopted to study the operations of PACS in Barshi taluka in general and sample PACS in particular.

Selection of Sample PACS. In the selection of sample PACS out of 121 PACS in Barshi Taluka, an attempt has been made to give a fair representation to the size, location and the performance level of the PACS. Out of 121 PACS in Barshi Taluka, 13 PACS (10%) have been selected for study. These Societies are located in different parts of taluka and are under the financial control of eight different branches of Solapur District Central Cooperative Bank (SDCC) Ltd. Stratified sampling technique has been used to give equal importance to the geographical area of operations of the PACS.

Stratified sampling technique has been followed in selecting sample PACS. This sampling technique is very useful in survey method of research because study of such

samples leads to sound and wide based conclusions about whole of the population. Therefore out of 121 PACS in Barsi Taluka 13 PACS (10%) have been selected for study. The selection is made as under.

No	Base of selection	Societies selected	No. of Societies
1.	Societies with "B" audit class and Government contribution.	Vairag, Barshi , Upale, Pangri.	4
2.	Societies with "C" audit class and which were having profit in 1983-84.	Dadshinge, Pathri, Malwandi, Pangaon, Bhatambre.	5
3.	Societies with "C" audit class and which were incurring loss in 1983-84.	Khandvi, Yedshi, Agalgaon, Ghanegaon.	4
		TOTAL	13

The above sample selection includes two large size societies, (Barshi, Vairag), three small size societies, (Agalgaon, Malwandi and Dadshinge) and one society with irrigated land in its area, (Pathri). In this way in selection of sample equal importance, as far as possible, is given to all the types of PACS.

Tools of Data Collection. Primary data regarding the operations of the PACS has been collected directly through

the annual Reports of the PACS. Data regarding operational difficulties of PACS has been collected through personal interviews with the secretaries and questionnaire prepared for the sample PACS. Socio-economic and agro-climatic survey of concerned villages has been made to know their relative impact on the operations of the PACS. Data regarding rainfall, and irrigation facilities in taluka has been collected from the records of the Tahashil Office.

Secondary data regarding the operations of the PACS in Solapur district and Maharashtra State, has been collected from the records of the office of District Deputy Registrar of Cooperatives, and from the booklet "Cooperative Movement at a Glance in Maharashtra", published by the Commissioner for Cooperation and Registrar of Cooperative Societies, Pune.

Plan of the Enquiry. In order to know trends in the operations of PACS in Barshi taluka, the researcher has planned to investigate the operations of the PACS for the cooperative years from 1979-80 to 1983-84 (5 years). Micro analysis of the operations of the selected PACS has been made for the last three years--1981-82, 1982-83 and 1983-84. As the short-term production agricultural credit and medium-term investment credit is being channelised by the SDCC Bank to the PACS, the researcher has planned to make inquiry into the difficulties in availability of finance to PACS from the DCC Bank.

Thirteen PACS have been chosen from the jurisdiction of eight branches of Solapur D.C.C. Bank. The following points were taken into consideration while selecting the PACS.

- (1) The selected PACS must represent the taluka's agro-climatic conditions.
- (2) The selected PACS must represent a true picture of their operational difficulties.

Presentation of Report. Report of this study has been divided into six chapters. First chapter includes introduction of the problem selected for study, objectives of the study, hypothesis to be tested, research methodology, plan of inquiry and tools of data collection. Second chapter throws light on cooperative credit structure in India. Some statistical data have been tabulated to prove the dominance of cooperative credit for agriculture and rural development. A brief study of operational aspects of PACS in the country, and in the State of Maharashtra has been reported in the second chapter. PACS in Solapur district and effect of low agricultural productivity on their operations, is also dealt with in this chapter.

Third chapter includes, agro-economic profile of Barshi taluka, past and present of PACS in Barshi taluka and operational aspects of PACS. Overall position of PACS in Barshi taluka is also presented in this chapter.

Fourth chapter consists of reporting of detailed study of credit operations of thirteen selected PACS, lending policy of PACS. Various aspects of credit operations of PACS have also been analysed and interpreted in this chapter. Severity of the problem of overdues and main causes of overdues of PACS are also reported in the last part of this chapter. This chapter is concluded by reporting on non-credit operations and working results of the thirteen selected PACS.

Fifth chapter deals with the analysis and interpretation of operational difficulties of PACS.

Sixth and last chapter includes conclusions of the study and some concrete recommendations for making improvement in the operations of the PACS.

4. Limitations of the Study:

Study covers a sample of ten percent of the PACS in Barshi Taluka. The findings of the study may not, therefore, be directly applicable to the other areas particularly when we consider the State of Maharashtra and the country. For an indepth study one requires to cover a wide area that gives the idea of limitations of this study and also the direction in which further study can be undertaken.