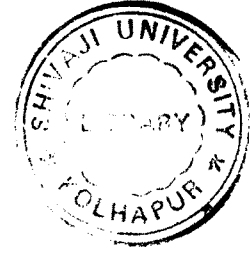


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## **CHAPTER - III**

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## CHAPTER 3

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### OBJECTIVES AND METHODOLOGY OF THE STUDY

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- 3.1 *Prologue*
- 3.2 *Objectives of the Study*
- 3.3 *Scope of the Study*
- 3.4 *Methodology*
- 3.5 *Significance of the Study*
- 3.6 *Limitations of the Study*

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## CHAPTER 3

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### OBJECTIVES AND METHODOLOGY OF THE STUDY

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#### 3.1 PROLOGUE

The philosophy of financial policies has firm faith, that given the right organisational climate and opportunity, the financial policies have the potential and will show the will to make a decisive contribution at all levels in an organisation irrespective of the its nature. However, the policies differ from country to country, within country and within the different sectors of economy.

Co-operative is a major sector especially, at the rural area and is predominant in Indian economy. There is general feeling that this sector is under the influence of political patronage. By and large except few co-operatives, the management of these is not professional due to one or other reason. This has strong bearing on the working and profitability of the organisation. Particularly when one talks of milk co-operative Sanghs, many of them are doing well in their business.

One of the reasons for this, it is believed,<sup>is</sup> due to lack of proper and clearcut financial policies. With this hypothesis in mind, the researcher thought to undertake "A study of financial policies of the Krishna Khore Co-operative Dudha Utpadak and Purvatha Sangh Ltd., Miraj. The study has been undertaken keeping following main objectives in mind.

### 3.2 OBJECTIVES OF THE STUDY

- [1] To study the profile of the co-operative milk Sangh.
- [2] To examine the working of the Sangh in terms of its financial performance.
- [3] To understand the financial policies adopted by the Sangh and the reasons thereof.
- [4] To analyse the financial statements of the Sangh to get a better perspective of its working.
- [5] Evaluation and recommendation of suitable policies to be adopted by the Sangh for improved performance.
- [6] To understand the opinions of selected Primary Milk Societies and farmer members about the operations of the Sangh.

### 3.3 SCOPE OF THE STUDY

Keeping in view, the resources in terms of time, money and the possibility of getting reliable data, the researcher thought to undertake the study of Krishna Khore Co-operative Dudh Utpadak and Puravatha Sangh Ltd., Miraj. The reasons for the selection of this organisation are as follows :

- {a} This Sangh is one of the biggest co-operative milk Sangh in Sangli District, having experience of more than 29 years.
- {b} It happens to be in the vicinity of the native place of the researcher.
- {c} The researcher belongs to a agricultural family, possessing milch animals and is the shareholder of the Sangh. This has helped the researcher to collect reliable data without much difficulty.

### 3.4 METHODOLOGY

(1) SOURCES OF DATA :- In order to fulfil the above said objectives, the researcher has collected data from the following sources.

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- i) The literature review and the information on financial policies and dairy co-operatives was collected from library, through periodicals, journals, news papers and text books.
- ii) The secondary data pertaining to the Dudh Sangh was collected from the office records, files and annual reports of the Sangh.
- iii) The secondary data was supplemented by administration of two questionnaires, one for Primary Milk Societies and the other for the farmer members supplying milk to the societies.
- iv) Structured and unstructured interviews with the Chairman and management personnel were conducted to get qualitative information.

(2) SELECTION OF SAMPLE :- The sample consisted of two types, namely Primary Milk Co-operative Societies and its milk producing farmer members. The sample selection for these was done as follows.

The total number of membership on record of the Sangh is 220, but at present only 78 co-operative societies from Miraj Taluka are supplying milk to the Sangh regularly. Hence, the researcher has selected only actual milk

supplying primary societies. Of these one third were selected as the respondents. The 78 societies have been divided into four zones of Miraj Taluka. The random sampling method was used to select the societies from these four zones. The societies were numbered in respective following zones and one third of the total sample was selected. Thus the distribution of the selected societies in the four zones happens to be as follows. The East zone is the major milk supplying area of Miraj Taluka and the rest are drought prone areas and contribute less to milk collection.

ZONEWISE SAMPLE OF MILK SOCIETIES

|            | <u>TOTAL</u> | <u>SAMPLE</u> |
|------------|--------------|---------------|
| East Zone  | 40           | 14            |
| West Zone  | 14           | 5             |
| South Zone | 11           | 3             |
| North Zone | 13           | 3             |
| TOTAL      | <u>78</u>    | <u>25</u>     |

The selection of farmer members for the purpose of administration of the questionnaire from these 25 selected Primary Milk Societies was done as follows. The milk is collected twice a day, morning and evening. Hence, the researcher visited all the above selected 25 Primary Societies randomly, twice in a day to select the farmer

members. On visiting the particular Primary Society, the researcher used to record the names of the farmer members on the chits. The required number of farmers were then chosen in that visit by picking required number of chits from the total farmers gathered at that time. Three farmer members were selected per Primary Milk Society chosen in this study, resulting in a total of 75 farmer members.

### 3.5 SIGNIFICANCE OF THE STUDY

The Western Maharashtra zone, especially the Kolhapur and Sangli Districts are well known for the milk business. The following study is significant from the point of determining the problems faced by the Sangh, its Primary Milk Societies and the farmer members supplying milk to them. The thrust of this study is in analysing the financial aspect of the business. The study will throw some light on the financial policies adopted, if any, and the short term and long term implications on the profitability of the Sangh. The study will also highlight the shortfalls in the present system as well.

In addition to the financial analysis, the study will deal with the responses from selected Primary Milk Societies and individual farmer members regarding the operations of the Sangh.



### 3.6 LIMITATIONS OF THE STUDY

The researcher feels that the present study has the following limitations.

- (1) The study is limited to only one aspect of the functioning of the organisation, namely the analysis of the financial policies of the said Krishna Khore Co-operative Dudh Utpadak and Puravatha Sangh.
- (2) The inherent limitations of the case study method are bound to be there. The findings therefore cannot be generalised for the entire co-operative dairy sector.
- (3) Due to limited time available at the disposal of the researcher, the sample size of the Primary Milk Societies and the farmer members had to be restricted.
- (4) Due to a large farmer population, the respondents involved in the present study, may not represent the whole picture.