

CHAPTER I

INTRODUCTION

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I:1 : APPROACH TO THE PROBLEM :

Today there is no country in the world which does not have a co-operative movement of its own in one or other form . The movement has come to stay as an important sector of the national economy all over the world. Irrespective of form of Government, political ideology, level of economic development and the social back ground, the co-operative movement exist every where . The co-operative movement exists in the developed as well as under developed countries. In India it is the largest one in the whole world.

There are many Governmental agencies which have accepted the responsibility of agricultural development. Co-operative agencies are one of the important branches among them. We have over 3 lakhs of co-operative societies of different types with a membership of over 11.2 crores. The movement covered 98 % of villages and 50 % of rural population¹. The movement had a working capital of Rs. 17,000 crores and its turnover in agricultural sphere alone was more than Rs.2,500 crores in 1977-78. The co-operative sector has provided the employment opportunities to more than 12 lakhs people.²

The Indian co-operative movement though traditionally an agricultural movement has spread to other sectors of the Indian economy. In agricultural sector, the movement has

undertaken all the economic activities to help the peasants . Today the co-operatives are the main institutional agencies which undertake the functions to supply agricultural inputs, marketing, processing, carrying Science and Technology to farmers and supply of credit.

A co-operative Society is an economic entity like any other business organisation. Its business is to be run on principles of business management though within the framework of principles of co-operation. Therefore, finance is as much a life blood to the co-operative organization as it is to a business organization. The co-operative organization raises funds from different sources and deploys them into different folios. Financial performance of a co-operative organization thus depends upon how economically and efficiently it can utilize finances into different activities. A consumer marketing co-operative society would have to be more visilent in spreading its financial resources to different activities in such a way that it satisfyes diagonally opposit interest providing good price to the producers and charging fair price to the consumers.

The co-operative organizations as for as Kolhapur district is concerned, are functioning in a well organised manner. There are many economic activities of co-operative concerns in this district. They include co operative credit societies, co operative textile industries, agro-based

industries dairy co-operatives etc. There were nearly 3,377 cooperative concerns in Kolhapur district as on June 1983. Co-operative finance particularly is well developed in Kolhapur district.³

The Shetkari Sahakari Sangh Ltd., Kolhapur made a beginning on a very small scale by investing capital around Rs.4,564 and with number of members around 230 in the year 1939-40. Now the Sangh due to its co operative spirit and hard working increased the share capital to Rs.44.15 lakhs, working capital to Rs.835.20 lakhs and turnover to Rs.4440.38 lakhs by the end of the year 1984.⁴

The area of operation of the Sangh covers nearly 1106 Villages. It receives different types of agricultural produce like tobacco, Jaggery etc. from nearly 287 Villages. As Kolhapur is an important centre of co-operation and socio-economic activities in Maharashtra state the Sangh was selected for the purpose of present study with a view to study its financial performance in detail .

Kolhapur district covers 12 Taluka's namely Karvir, Kagal, Gadhinglaj, Ajara, Chandgad, Gargoti, Radhanagari, Gaganbavada, Shahuwadi, Hatkanangle, Shirol and Panhala. The Shetkari Sahakari Sangh Ltd., Kolhapur is a head quarter at Kolhapur and there are 106 branches and centres and 75 depots and distributing centres scattered all over the district as per 1984 statistics.

The district Kolhapur covers an area of 8,059 Square Kilometres and population of 24,99,437 as per 1981 census. This district lies between 15° to 17° north latitude and 73° to 74° in east latitude. It is bounded by Sangli District at the north by Belgaum district at Karnatak State at the South east and by Rathnagiri District at the West.

Co-operative movement made its beginning in Bombay in the year 1904. Then it spread over the remaining area of Maharashtra . In Kolhapur district the co operative movement spread very rapidly. All types of co operative concerns are gaining momentum in this district. Shetkari Sahakari Sangh Ltd, Kolhapur is the leading co operative concern in this district. So the study is concentrated on the financial performance of Shetakari Sahakari Sangh Ltd., Kolhapur.

I:2: STATEMENT OF THE PROBLEM :

Hence, the problem for research is stated as follows:
" Financial performance of Shetakari Sahakari Sangh Ltd., Kolhapur."

The term financial performance is used in the sense of the financial aspects of the Shetkari Sahakari Sangh Ltd., such as Share capital, working capital, Own funds, assets and liabilities, stock and turnover, at a district head quarter Kolhapur. And the term Shetakari Sahakari Sangh Ltd., is used as the farmers co-operative association which is operating on the co-operative principles. For the purpose of

research study, a pseudonym is used for the Shetkari Sahakari Sangh Ltd., Kolhapur as the 'Sangh'.

I:3: OBJECTIVES OF THE STUDY:

The main objectives of the present research are as follows:-

- (1) To study the history, development and present working of Shetkari Sahakari Sangh Ltd., Kolhapur from the point of view of achievement of the prescribed objectives.
- (2) To study and examine the financial performance of Shetkari Sahakari Sangh Limited during the period 1979-80 to 1983-84.
- (3) To suggest the ways and means to improve the financial performance of the Sangh.

I:4: METHODOLOGY:

The investigator has used historical method and descriptive method for the purpose of collecting information from the concern. The data used in the present study are taken from primary and secondary sources. The attempt was made to collect primary data through the discussions with the Sangh's Officials, which includes managing directors, secretary, Section Managers, accounts officers and workers. The Secondary data is mainly collected from the published materials viz., Annual Reports, Books and Periodicals and

official records of the Sangh.

I:5: LIMITATIONS OF THE STUDY:

Due to rapid increase in the activities of the Sangh as well as the diversification at present, the Sangh is engaged in a large number of activities. In order to understand the Financial performance of the Sangh it is essential to study almost all financial aspects of the Sangh. However the time and resources at our disposal being limited the researcher has only concentrated on certain aspects Investments, Turnover, the Liquidity, Solvency, efficiency and profitability etc. of the Sangh.

I:6: SCHEME OF THE PRESENT WORK:

The scheme of the present study includes five Chapters as given below. The first Chapter includes the introductory aspects of the study.

The Second Chapter deals with Profile of Shetkari Sahakari Sangh Ltd., Kolhapur in which introductory, aims and objectives of the Sangh, historical development of the Sangh, present organizations setup of the Sangh, diversified activities of the Sangh etc. are included.

The Third Topic deals with Financial performance of the Sangh. This Chapter includes finance a retrospect, meaning

nature and scope of finance, Business finance utility of finance, role of finance in Shetkari Sahakari Sangh, Progress made by the Sangh in respect of finance, financial performance in respect of capital funds, and profit distribution.

Forth topic exhibits, Analysis of financial performance with the help of ratio analysis. This chapter includes, introduction, ratio analysis, analysis of financial performance of the Sangh with the help of ratio analysis components of various items, analysis and interpretation of ratios, ^{and} conclusion.

The fifth chapter deals with the conclusions derived from the study and suggestions made by the researcher.

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