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## Study of Socio-Economic Condition of Members of Rural Non-Agricultural Credit Co-operative Society of Gondia District

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### Abstract :

Urban Cooperative Banks and Non Agriculture Credit Cooperative Societies cater to the needs of Non Agriculture Credit. The Urban Cooperative Banking Sector in the State has achieved tremendous progress in the Banking Sector and has acquired third place in the country. Apart from Urban Cooperative Banks, Non-Agricultural Credit Cooperative Societies and Employees Credit Cooperative Societies are also functioning and have played a significant role in advancing loans. The non-agricultural credit co-operative societies are playing a key role in the socio-economic development of members in Gondia district. This paper focuses on the role of these societies on the members of Gondia District.

**Keywords :** *Credit Co-operative society, socio-economic development, loan*

### Introduction :

The concept of co-operation had emerged from the human civilisation. Human being is social animal. Due to this history of co-operative is parallel to the socio-cultural history of civilization. Co-operative movement is a movement of standard of living based on the democracy, moral, equality, brotherhood, peace and progress. Co-operative means development of human by helping them.

The living standard of people of villages is improved due to loan availability from the credit co-operative societies in villages. Common man has more faith in the co-operative. Co-operative sector can progress and compete with the private sector by following certain rules and regulations.

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Today 65% Indian are dependent on the agriculture. Credit co-operative societies are trying to offer loan to every farmers in the country. In Maharashtra; Sugar industry and cotton industry are contributing more in the co-operative sector. Farmers are doing additional business along with agriculture. Due to that farmers are becoming economically stable. Basic aim of co-operative is equality; because of which farmers are benefitting.

More than 30,000 non-agriculture credit co-operative societies are striving hard for the socio-economic development of more than 2.5 crore members. It helps in the welfare of members in all respect.

The education sector is transforming because of co-operative sector. Students of villages are getting all necessary educational facilities. Higher education is becoming reachable to the villagers; which has boosted living standard of villagers.

The result of co-operative sectors is excellent. But few of them had adopted bad practices like irrelevant increase of interest rate to earn more profit. This can be reduced by taking advice of experts, policies for deposits and loans, loan recovery process, etc..

Currently credit co-operative societies are operated in most of the villages. Due to that business, workers, farmers are benefitting with the loans offered by the credit co-operative societies. Some villagers had got job in those the credit co-operative societies which boost employability amongst villagers. Because of the above discussed aspects credit co-operative societies are becoming essential entity in the village.

### **About Gondia District**

Gondia District is one of the districts amongst 35 district of Maharashtra. Gondia district was carved out of Bhandara district in 1999. As per the census 2001, population of the district is 1200707; which is increased by 20%. The district is spread in the vicinity of 5431 sq. km. Only 11.95% people lived in urban area; whereas 88.05% population lived in the villages of district. Gondia district has 8 tehsils in total including Gondia, Tiroda, Goregaon, Amgaon, Salekasa, Deori, Sadak Arjuni and Arjuni (Morgaon). Gondia District is located in the bank of Wainganga

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River; which is originated from the Mundra village of Seoni District of the Satpuda range of Madhya Pradesh. It flows south through Madhya Pradesh and Maharashtra in a very winding course of approximately 360 miles. After joining the Wardha, the united stream, known as the Pranahita, ultimately falls into the River Godavari. Gondia is ruled by 'Gond Rulers' in the history. There was dense forest. 'Gond' was the main natives who collect 'Gond' and 'Lakh' and sell it. So the name given as 'Gondia' mentioned in the book written by Mr. R.V. Rasel during the British Rule.

Gondia has the dense forest and that's why 'Tendupatta' collection became the support business. 'Bidi' is the main business of Gondia District. In the recent days 'Rice mills' are getting momentum. Bamboo is the main produce of Soundad region which is the main raw material to produce Bamboo mats.

The Gondia district is spread across the 5,641 sq.km and it covers 83% area of the Maharashtra state. Tiroda and Gondia are the only two municipalities however Goregaon, Amgaon, Salekasa, Sadak Arjuni, Arjuni Morgaon and Deori had Panchayat Samities.

According to the 2001 census newly created Gondia District has a population of 12,00,151 out of that 5,98,447 are males and 6,01,704 are females. In Gondia District 88% population is living in rural area whereas 12% population is living in the urban area. Gondia is located on the Mumbai-Hawara Railway route.

In the year 2000-2001, district has 98,560 Hectors land under irrigation including 67,041 hectors land is surface land. Gondia districts has 4 major Dam's including Itiadoh Dam located in the Arjuni Morgaon Tehsil, Sirpur Dam located in the Tehsil Deori, Pujaritola Dam located in Tehsil Amgaon, Kalisarar Dam near tehsil Salekasa. Gondia District has 2,346 lakes/ponds; so it is also known as 'District of Lakes' and 'Paddy Bowl'.

District has different types of soil including Permanent Pasture, Current Fallow, Arwasown, Barren & uncult. Land, Culturable Waste Land. 71% arwasown land is under cultivation. In Gondia district, paddy growing is more than any other crops. It is found that paddy

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farming is more because of maximum rainfall, Wainganga River, other small rivers, dams, lakes and farm ponds are more.

### **Historical Background and Emergence of Co-operative Societies**

Initially co-operative societies emerged in England and later it spread to many countries. Mr. Rasheld had started co-operative society in 1844 in England. This initiated the modern co-operative movement. New era of co-operative movement had started process of change in England as well as in other countries. Rasheld had started his co-operative societies to supply essential commodities to poor people in minimum rate.

Co-operative movement is initiated in 1904 in India. The reason behind the co-operative movement is farmer's conditions. In India, co-operative societies come into existence because of brokers and *saokar* who harass farmers. Co-operative societies in India started functioning in the end of nineteenth centuries. 73% co-operative societies are agricultural based co-operative societies operated during the post independent era. Credit co-operative societies are progressed effectively except 1920 to 1930. Co-operative movement has most important place in the Indian economy. In 1982, Justice Mahadeo Ranade had started agricultural bank in Pune. The main aim of this bank is repayment of old loan and land development. Madras Govt. had passed agriculture loan act in 1884.

In 1947, Nanavati committee was established. In that co-operative bank would provide all help for loan disbursement.

During the pre-independence days; British had supported co-operative movement; due to which co-operative movement was flourished. In post independent era; government also supported co-operative movement; which again befitted to the co-operative sector. 'Maharashtra Co-operative Act 1960' was come into existence in 1960 to facilitate co-operative movement in Maharashtra. This act helped farmers in the financial help and support. Due to this number of co-operative societies increased in all corner of the Maharashtra and India at large.

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## Place and Importance in Indian Economy

The government policies about the co-operative movement are as under:

- a) Non-interference (Policies of Western countries)
- b) Co-operative policy (Developing nation's policy)

The policy of western countries is government should not support any co-operative movement. The government's approach should be of non-interference. The Mexico, Japan, Italy had non supported any co-operative societies instead of providing basic amenities.

The policies of developing countries were studied in the co-operative policy. The poor people can survive with the co-operative movement. There is a huge demand is coming from people that government should support co-operative movement in all respect. From the beginning of 21<sup>st</sup> century, government is providing all support to co-operative movement so that poor can benefitted. Government should make appropriate laws, rules and regulation to make rural co-operative societies stronger and sustainable. Government provide all types of support to co-operative societies like rewards, shares, loan at minimum rate of interest, subsidy, concession in tax, etc.

The main aim of Credit co-operative societies to facilitate poor and poor farmers. The co-operative movement can reduce economic difference between people, facilitate in support business, processing of agro products, etc. due to that businesses had rapidly transformed.

After 1939 i.e. second world war; credit co-operative societies are increased.

The committee was formed in 1944 in the chairmanship of Prof. Dhananjayrao Gadgil for the framework of co-operative movement and it is declared in 1946.

The researcher had studied all Five Years Scheme in this chapter to focus on the role of credit co-operative societies in Indian economy.

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## **Maharashtra Co-operative Society Act 1960**

The Maharashtra Co-operative society Act 1960 is enacted in 9<sup>th</sup> May 1961 after all formalities. The law was come into existence from 26<sup>th</sup> January 1962. The act was amended regularly and these were enforced to all co-operative societies.

The Co-operative society Act 1960 has provision to register co-operative society with proper proforma. The registrar will grant the application within 60 days (two months) by scrutinizing all necessary documents. The responsibilities are also specified in the article 22 to 35. The government help is specified in the article 50 to article 60. The society property, funds are mentioned in the article 64 to 71. The percentage of dividend is increased from 9% to 15% as per the amendment 1975.

The specifications regarding internal administration is specified in article 72 to 80. Audit trial, vigilance, enquiry is specified in article 81 to 90. The provision of selection from societies is mentioned in the article 91 to article 100. Article 75, article 81, article 84, article 94 and article 103 have certain regularity aspects and punishments. The provision of challenge is mentioned in article 149 to article 154. Thus this chapter focuses on the co-operative society act 1960.

### **Study of Financial Condition of Credit Co-operative Societies of Gondia District**

The researcher had analyzed all the aspects of 13 credit co-operative societies in Gondia. The membership is open for all as per the article 23 of Co-operative Societies Act 1960. Anyone of age 18 and more can become member of society. Total number of members of selected 13 credit co-operative societies is fluctuating every year during the year 2001 to 2010. Currently all 13 credit co-operative societies has 9763 Members.

Members who had purchased share are known as shareholders. The societies can collect capital from these shares. Societies offer loans to the needy from this fun collected for the socio-economic development of these people. It is found that the capital is increasing in all 13 co-operative societies. The total funds of all 13 credit co-operative societies is Rs. 9,99,71,837/-.

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The investment is most important factor for any credit co-operative society. Where and how much funds society should invest is specified by the District Central Bank and Act. Societies striving to get maximum profit from the investments. The total investment done by all 13 selected credit co-operative societies is Rs. 92,56,12,035/-.

The actual profit is calculated in different way than the other business societies; because credit co-operative societies' main aim is to serve people rather than merely earn profit. Societies distribute profit amongst their shareholder as dividend. The total profit of all 13 credit co-operative societies is Rs. 3,06,24,560/-.

Credit co-operative societies accept deposits of members as well as non-members. Society's offer nominal membership to the non-members. Society can use this amount for loan disbursement as per the rules and regulation. Number of deposits is directly dependent on the creditability of the society. Total deposits of all 13 credit co-operative societies is Rs. 203,38,41,511/-.

Credit co-operative societies follow following most important factors.

1. Security
2. Profit
3. Mortgage
4. Disbursement as per the rules and regulations.

These more are the most important factors for secure banking and reduce the debt. The total amount of loan disbursement of all 13 societies is Rs. 139,24,72,630/-.

Loan recovery is the most important aspect of all credit co-operative societies. Creditability of any credit co-operative society is dependent on the loan recovery. The amount of recovery should be increased with the increase in loan disbursement. Total recovery of all 13 credit co-operative societies is Rs. 69,36,66,422/-.

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Accreditation of any society is the most important; it is a mirror of the activities of credit co-operative society. It shows the financial stability of any credit co-operative society. It reflects from the total disbursement of dividend to members. Most of the credit co-operative societies from selected 13 societies are accredited with 'A' status. The amounts of dividend of these societies are increasing regularly.

### **Role of Credit Co-operative Society in the development of Middle Class Family**

Researcher had formed structured questionnaire for getting data from the different middle class family. The families are categoris with their occupation. The members are categorised as per their education. To analyse the financial condition; the members are categorized in different groups as per their income, number of members in family, etc.. Researcher queried to the respondent about their power & duties, aim of their membership, requirement of loan or deposit, etc. It is also studied that whether debtor had given any mortgage or not. Loan prepayment status is studied.

Researcher studied the loan disbursement procedure, documents required for loan, difficulties while taking loan, interest rate. Purpose of loan is asked; whether the loan is utilized for the home use, education of children or any other purpose. Relation between the members and executive body were studied. The members were asked about the amount of loan is sufficient or not. Researcher had collected this information from 500 respondents through questionnaire.

### **Conclusion**

Commercialization of agriculture coupled with increasing requirement of credit have put a lot of onus on various agricultural financial institutions to play a pivotal role in meeting the increasing capital needs of the farmers and in ensuring timely supply of various inputs besides providing other service facilities. The diversification of agriculture over the years has further accentuated the need for the rapid development of rural infrastructure and larger flow of credit to farming community.

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With a view to revive the non-agricultural credit delivery system, there is need to tackle twin problems facing the system, viz., growing NPAs with falling CD ratios and poor recovery performance of RFIs, aside from adopting innovative approaches like linking of co-operative societies with mainstream financial institutions. Such linkages are reported to have not only reduced transaction costs but also ensured better repayment performance. The credit co-operative societies should offer credit to members with minimum interest rate so that members can be benefitted.

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