A STUDY OF THE INDICATORS OF SICKNESS IN RURAL COOOPERATIVES

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ABSTRACT

Sickness in rural cooperatives is prevalent to a very great extent in India. It has been found that cooperatives have been facing the problem of sickness for a long time. However, studies in the area of cooperative management have been oriented more towards looking at policy issues on the one hand and the causes and consequences of sickness on the other. These studies have not given tools to detect an impending sickness so that preventive action could be taken.

It is in this light that an exercise in trying to predict sickness in advance finds relevance. The present study approaches sickness from the point of view of prediction using financial statements as the basic tool. The study was undertaken using data from 49 cooperatives located in the state of Andhra Pradesh.

The data collected from the cooperatives were analysed at two different levels. Firstly the data relating to the financial aspects of the cooperatives have been looked into. As a result, a financial model for predicting sickness was developed using the statistical technique namely, Fisher's Linear Discriminant Function. The importance of the function so developed is that it can be applied based on the information available in the form of annual accounts, which could be easily available to any outside analyst.

At a second level, data relating to the non financial variables indicative of the quality of management of the cooperative were also looked into. An analysis of these variables indicated that there were some variables that were significantly different between the sick and the healthy cooperatives.

The study has been concluded by highlighting the limitations of the present approach taken to study sickness and by suggesting some broad directions that the future research in this area could take.