

## CHAPTER V

### CONCLUSIONS AND SUGGESTIONS

The public sector banks play a crucial role in the development of many developing countries including India. Bank Economists with their special expertise and analytical skills can and do make valuable contribution in the financial health and growth of their institution. They have an important bearing on the performance of Banking Industries and its future development.

The Co-operative Banks have been playing an important role in this sphere even before the nationalization of major commercial banks in 1969. Banking has thus emerged as an effective catalytic agent of socio-economic change.

Generally the Banking System plays an important role in the process of economic development. Banks mobilise savings of the society and make them available for the purpose of investment which is vital for economic growth. They also help in making optimum use of limited resources through the process of institutionalization of savings and investment.

India is currently facing a number of challenges of change in her socio-economic development and in the changing science and technology, role of co-operatives will depend on swiftness with which the co-operative structure revamps its working to adapt and re-orient itself to meet these challenges. The main challenge of the next two-three decades in this country is how to transform the rural and agricultural

economy in to modern stream of social and economic development. The prevalence of vast number of weak and un-organised economic units provide ample opportunity for co-operative action. Prospects for success of co-operative organisation exists in all villages and towns of this country.

Another positive factor for growth of co-operative movement is that Government Policy continues to encourage and assist co-operative form of organisation for weaker sections of the people. Co-operatives are also introducing modern technique in their operations, and as a result, the functioning of co-operative organisations are bound to become more efficient to deliver the goods to its members. The nature of problem faced is of a type where co-operative action alone can remedy the situation and spur economic development, with the adoption of a scheme in integrated rural development through co-operatives, it is bound to emerge as a force to be reckoned with by the term of this century, with a vast structure of co-operative organisations and numerous efforts recently being made for increasing mobilisation of resources, improvement of management and other measures for qualitative improvement of co-operative organisation, one could expect emergence of a strong and well diversified co-operative movement in this country in the years to come.

Despite its unevenness of performance, it can be claimed without hesitation that on the whole co-operative movement has played a very significant and constructive role in our efforts to bring about economic development in the country. It has remained a powerful vehicle for ensuring growth with social

justice. Successful emergence of a strong co-operative movement has helped in creating a healthy and congenial society by easing tensions between various groups and segments of the population. In the face of rising expectations and emergence of new value systems in our society, what is needed is to re-emphasize our abiding faith in the efficacy of co-operative systems and remove the short-comings and defects.

Annual reports are prepared by the financial and trading institutions to provide an important information to their members/ share-holders about the progress and operations of the institutions. Due to the similarity in thier information, researcher has been restricted only the heads prescribed in annual reports, where if involvement in any other aspects not specified in the publications was just not possible. The statistics which are given in annual reports were inadequate. Certain details such as :

1. Important ratio's regarding profit, capital structure, liquid ratio, etc. of bank and their branch also.
2. How many applications are received for loans, how many are considered or rejected and main base for consideration etc.
3. How many meetings\$ are attended by each member, Board of Directors, if any loans are sanctioned to members or their relatives.
4. The education and training programme, if any, taken by the bank should be mentioned in Annual Reports. The success or failure of the co-operative movement, no doubt depends upon the co-operative education and training.
5. Every Bank should mention clearly over-due figures.
6. Careful assessment of the credit worthiness of the members

- and prevention of over-borrowing and unproductive debts.
7. Careful varification of applications for loans, supervision of repayment and exercise of vigilant control over defaulters through the adoption of prompt legal proceedings.
  8. Discontinuence of further credit to defaulters and a periodical broadcast of the list of defaulters etc.
  9. Periodical meetings of defaulters with a view of ascertainment thier difficulties and to help them of of possible and to evoke a sense of responsibility among them.
  10. The data suggests that the banks' managements are probably not pursuing the policy of enveloping as many members as possible in the Banks ambit, as the growth in membership in both the banks has been very sluggish.
  11. The growth in the share capital, consequently, is not very high or commendable.
  12. The banks have set up to meet the needs of all sections of society, but its lack of enthusaism in mobilising more members, probably reflects a lacuna in the working of these banks.
  13. The working of these banks shows that they have both suffered, in some years, from negative net profits. These could be because of negative investments by these banks, but particularly by Ram Bank. This could also be explained by the decline, though marginal, in the memebership of these banks.  
 However, the Nipani Urban Bank, being 'younger' appears to have been more successful than the Ram Bank - in almost all its spheres of activities.
  14. The Banks do not appear to encourage 'pigmy' deposits. In

fact, these should be used to help and bring about an economic mini-revolution of the weaker sections of the Indian society.

15. Medium term and long term advances are discouraged by these banks, and as a consequence, their performance, in the long run is adversely affected. To be of greater help, these banks should use its investment portfolio in such a way so as to help longer term development of the region and the people.

On the basis of findings, the following suggestions can be made by Researcher :

1. The Banks should sanction maximum loans for productive purpose.
2. Effective steps should be taken for recovery of loans. Banks may consider, wherever necessary having their office timings, before and after the normal office hours to tough the defaulters in their area and to visit them at a convenient time.
3. The bank should establish a separate statistical department to maintain up-to-date statistical information about loans etc.
4. The bank should provide to educational institutions. There is a wider scope in this field in order to fulfill the social objectives, there is enough for the bank to have a scheme which will finance eligible students for their higher education.
5. In order to mobilise funds effectively and profitably, the bank should operate through more branches. There is a wide scope for the expansion.

6. Bank can further expand its business activities through systematic efforts in non-funding activities like commission, bank charges etc. other than income on investment.
7. Efficient and effective services to customers has become a need of time and is one of the major plus points in the area of competition. Here the bank has ample scope to train its staff to improve relation with customers.

It has been observed from the facts that one of the most serious short-comings of these banks is that they do not possess qualified and trained staff lacking sufficient knowledge of banking. At present there is hardly any bank which possesses the skilled personnel. In order to solve their problems, care should be taken while recruiting the staff. Every staff should be sent for minimum short-period training courses. The knowledge provided by the re-orientation courses, the bank can function efficiently, it enables to achieve the targetted goals. Unless the banks possess the qualified and trained staff, they can not expect wide range efficiency from them. Most of the recruitments take place under the influence of members and political pressures. This should be strictly avoided. The norms should be adopted as in B.S.R.B. i.e. written and oral. Preference should be to commerce, economics or graduates from agricultural/ statistical/ mathematic backgrounds.

Attention should be given to work efficiently and effectively. There should be proper method of job evolution, promotion etc. There should be proper co-ordination in all the levels of

management deligation of authority and responsibility should be proper and clear. Bank should always try to improve their personalities. So that efficiency of the staff will increase which ultimately effects over the working and viability of the bank leads the promotion of bank in respect of profit margins.

While investing the funds bank should consider accurately about the balance between liquidity, profitability and security. While investing the funds in securities, most of the banks are giving preference to government securities, while sanctioning the loans and advances, due importance should be given to the purpose for which loans are sanctioned and recovery possibilities. Loans should not be sanctioned for marriage, or any other religious or unproductive purposes.

Follow-up measures against loans are hardly adopted by the banks. Post-sanction and post-disbursement care of the loans should be given much importance. Bank should keenly observe the proper utilization of the bank funds sanctioned. If there are any difficulties, bank should provide proper guidance and technical services etc.

1. The urban banks should make an all out effort to mobilise larger deposits from non-members by providing various banking and credit services comparable to commercial banks.
2. There is also a need for diversification of the loan portfolio and substantial loans should be granted for productive purposes particularly for industrial purposes.
3. Since there is growing emphasis on priority sector

lendings, it is essential for the bigger among the urban banks to set up a technical cell which would survey the potential, formulate suitable schemes, appraise the proposals from the angles of technical feasibility and economic viability and ensure proper follow up and supervision.

4. It is necessary for all the urban banks to under take a periodic review of their performance in priority sector financing. Towards this end, they should build the necessary information system and submit timely returns to federations and associations of urban banks and also R.B.I.
5. The new and diverse responsibilities devolving on urban banks would require professional management. The chief executive and the other key personnel will have to be selected on the basis of their qualifications and experience. It is also necessary that banks have well qualified and trained staff of a proper calibre who would ably encourage their duties. The R.B.I. has been conducting courses for the Senior Personnel of urban banks in its training establishments in addition to organising outstation training programmes at the request of federations. The urban banks have to take full advantage of such training programmes.
6. The weak urban banks should be rehabilitated and made viable according to the norms prescribed by the Committee on Urban Co-operative Banks (1976). For which all sorts of assistance should be extended by the State Co-operative Bank, federation of urban banks and the R.B.I.