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**CHAPTER V**

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**SUMMARY AND CONCLUSIONS**

### Summary & Conclusions

Bhedasgaon village in Shahuwadi Taluka of Kolhapur District has been chosen for the purpose of this study on overdues of farm loans given by co-operatives. As the farmers in Bhedasgaon have not availed of any loan from Maharashtra Co-operative Land Development Bank, sub-branch Malakapur, it was excluded from the study. As outlined earlier, it ultimately has become a study of overdues of short-term and medium-term loans for agriculture granted by the Bhedasgaon Society & Bhedasgaon Branch of Kolhapur District Central Co-operative Bank.

In Bhedasgaon, there are 1044 families consisting of 2744 working men & women. Out of these families, 900 families are cultivator families & 75 agricultural labourers. They constitute 86.2% & 7.8% of the total of 1044 families. That means 93.4% of the families are dependent on agriculture.

Gross cropped area in the village is 1120 acres of land. 702 acres (45.5%) of this land is irrigated either by water from wells or from Warana river. Major crops taken are rice, sugarcane, wheat & jawar (both irrigated & unirrigated).

#### The Bhedasgaon Society & The Overdues.

The Bhedasgaon Society has been working since its establishment in 1948 in the village. Data collected for the five years from 1981 - 82 to 1985 - 86 show that :

- i) There were 803 members of the Bhedasgaon Society as on 30th June, 1986, 50% or 402 members have borrowed from the Bhedasgaon Society. Out of these borrowing members 201 members (50%) were defaulters of the Bhedasgaon Society as of 30th June, 1986. The overdues amounted to Rs. 1.81 lakhs as on that date. Percentage of overdues loans to outstanding loans to outstanding loans as on 30th June, 1986, was 26%.
- ii) Percentage of overdues to loan outstanding as on 30th June was 29, 14, 12, 25 and 26 in the years 1982, 1983, 1984, 1985 and 1986 respectively. The overdues percentage was highest in the year 1982 & the lowest at 12 in the year 1984.

iii) The Bhedasgaon Society has been doing its business in profit throughout the five years of the study. Its financial position, as seen from its Balance Sheet, is also quite satisfactory. The Bhedasgaon Society has repaid all the loans taken from the Bhedasgaon KDCC Bank in all the five years of study.

iv) Out of 201 defaulter-members of the Bhedasgaon Society, 113 members (56% of the total) were defaulters only for one year & the amount of overdues with such members was Rs. 96,652 (73.23% of the total). Defaulter for two years were 50 in number (24.9%) & the amount defaulted was Rs. 12,112 (9.43%). Defaulters for three years were 11 (5.47%) in number & the amount defaulted was Rs. 4017 (3.13%). Defaulters for four years were 10 in number (4.96%) & the amount involved was Rs. 2,356 (1.83%). Defaulters for more than five years were 17 in number (8.46%) with the amount defaulted Rs. 13,339 (10.38%).

#### **Purpose-wise Loans & Overdues.**

v) It is found that the highest percentage of number of defaulter & the highest percentage of overdues are of consumption loans. Out of 81 members who had taken consumption loans of Rs. 22,678, 61 members (75.3%) have not repaid the loan in time & the amount defaulted amount to Rs. 16,328 (70.6% of loan taken). Borrowers taking loans for sugarcane & hybrid crops occupy the second number. 52.6% of the borrowing members are defaulters with 64.2% of the loan taken as overdues with them. 76% of the borrowers of medium-term loan have defaulted with 15.3% of the loan taken as overdues. In case of loans for raising hybrid crops, the respective percentages have been 39.9 and 56.8, and in case of loans for sugarcane it is 33.6% and 31.8% respectively.

#### **Overdues & Owned Funds**

vi) Data for the five years under study show that in case of each & every year, overdues per defaulting member were more than the owned funds per member.

### **Interview with Defaulters**

vii) Out of 17 defaulters who have not paid their loan instalments continuously for a period of five years or more, 10 defaulters could be personally contacted for interview. Out of these ten defaulters, one was a wilful defaulter. The remaining nine defaulters were found to have no adequate repaying capacity.

### **Interview with Office-bearers**

Chairman, Vice-Chairman and Secretary of the Bhedasgaon Society were interviewed for the purpose of understanding their views on overdues. This views are summarised thus:-

- a) 'Linking of credit with marketing' must be strengthened.
- b) Members do not normally co-operate with the society in respect of recovery of loans.
- c) Secretary cannot concentrate on the work of recovery for various reasons. Members of the Managing Committee must participate in the efforts to make recovery of loans.
- d) Government should write off the overdues of those members who can be said to be marginal farmers.
- e) Overdues of big landholders must be recovered through coercive measures.

### **Conclusions & Suggestions**

26% or the maximum of 29% overdues of the loan outstanding very high side. Considering the favourable climatic conditions and a relative high irrigation (45.5%) obtained in case of Bhedasgaon village, one would be inclined to consider this otherwise not-high-percentage of overdues as really high. The Bhedasgaon society and the Bhedasgaon KDCC Bank should consider the following measures to mitigate the problem of overdues of farm loans :-

### **I) Long-Term Measures**

i) That only 50% of the members are borrowing members speaks itself of the fact that 50% of the members do not find it advisable to approach the Society for obtaining farm loans. This may be on account of various reasons, the important are being the delay in sanctioning loans & the bureaucratic approach the society personnel take towards the needs of the members. This needs a change in the attitude of the society personnel & its Managing Committee. The society's approach must always be like a friend in difficult situations.

ii) Utilisation of the loans must also be paid more attention. The KDCC Bank may consider appointment of more inspectors/supervisors who are qualified graduates in agricultural science. These inspectors/supervisors must be in a position to provide technical advice like doses of fertilisers, selection of seeds, irrigation water to be used etc to the needy agriculturist-members.

iii) Linking of credit with marketing is to receive due recognition for implementation at the Society level, the society must take initiative to see that agricultural produce is marketed on co-operative lines so that full benefits are reaped by the agriculturist-members.

iv) Managing Committee of the society must take necessary steps to motivate agriculturist-members as far as utilisation of loan & repayment of loan instalments in time is concerned for this purpose, one measure may be suggested in the form of educating the members to use modern methods of cultivation & marketing.

### **II) Short-Term Measures**

i) The society must think of rehabilitation of chronic defaulters. Writing off their dues against their membership capital & deposits, giving them concessions in penal interest etc may be some of the measures that may be utilised with advantage.

ii) The society must pay special attention to recovery of overdue loans which have remained outstanding for a period of more than three years.

iii) Legal action against defaulters must be taken in time.

Thus this study has fulfilled all the three objectives, viz, (1) to study the trend of overdues of farm loans over a period of five years, (2) to study the reasons of overdues & (3) to suggest measures for recovery of overdues & keeping them at the minimum possible level.

In in-depth study of the problem of overdues is possible to be conducted with wider scope.

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