

CHAPTER – VI

PROBLEMS

Introduction

After considering important financial aspects of patsanstha an attempt is made in this chapter to discuss the problems of the patsanstha. The patsanstha has faced many problem in their day-to day operation. These problem are interrelated & interdependent.

1) Shortage of capital

It is said that capital is the life-blood of the business. Proper amount of capital is required for healthy progress of the business. It is important that both over- capitalization & under- capitalization is harmful the patsanstha or any institution, companies etc.

In case of patsanstha not succeeded in raising much capital they need. It create problem for their growth & progress. The patsanstha are financially not viable due to the shortage of capital & fund.

2) Problem of Deposit Mobilisation

Increase in the amount of deposits increase the working capital of the patsanstha. More the amount of funds, more the amount available for giving loans & advances. Thus increase in deposit increase the income of patsanstha. But the problem is how to attract the depositors are higher than of the bank.

3) Illiteracy

Member of patsanstha are largely illiterate, ignorant & extremely conservative. They lack even the functional literacy which is essential for the success of any democratic institution. Most of them do not understand the real meaning and objective of Co-operation. Co-operation cannot succeed unless there is an active willing and complete participation from the people.



4) **Problems in loans & Advances**

The success of the patsanstha and prosperity of members depend on extent of availability of loans and its proper utilization. Mis-direction of loan reflects adversely on the character of the patsanstha. Utilization of loan is therefore as important as its availability. Unproductive use of loans not only arrests the repaying capacity of members but also make them grossly indebted. Ultimately resulting into discontinuance of flow of credit to them, even if they need it for productive purposes. In This need it for productive purposes. In this case study patsanstha given Secured loans and unsecured loans. The proportion of unsecured loan was high. It was 93% and member use this loans to unproductive purposes. This is the main problem face this patsanstha.

5) **problem of Overdues**

The loan and advances given to the members must be repaid by them as per the terms in time. It is the duty of the Secretary of the society to keep watch on the recovery of loans. However many times shortage of rain or due to any other reasons the members can not repay the amount in time. At that time the period for repayment is generally extended.

When the members can not repay his loan he has to give an application to the Board of directors. The Board of directors prepare a statement about this. If there is any guarantor to the loan then his approval is also taken. Thus the inability is sanctioned and new period for repaying the amount of loan and interest is decided. However, unfortunately the payment is not made even in this,

increased period. The amount of loan which is not repaid even in the increased period is called as the “overdues”.

In present patsanstha, given unsecured loan to members and amount of overdues was increased. In the year amount of unsecured loans was Rs. 576.589 and in the year 2003-2004 amount increased Rs. 1770.829.

6) Problem in Investment

investment are assets held for earning income by way of dividends, interest and rentals, for capital appreciation or for other benefits. While doing investment three factors are to be considered, which are- 1) Liquidity 2) Security 3) Profitability. Liquidity is characteristic of investment to get it converted into cash. Whenever required, security means safety of funds. If one wants more security and liquidity then he has to be satisfied with less profitability.

This patsanstha invested funds into unrefundable bank deposit, fixed bank deposit and shares, Maharashtra state Electricity Board and Telephone securities. Patsanstha could not invest their money in other types of investment because of inadequate funds. This is the major problem in this patsanstha. In the year 1999-2000 amount of investment was Rs. 117.332 and last year it was Rs. 1055.051.

7) Salary paid to the staff

the salary to the workers in the Patsanstha is very low as compared to the work load. Therefore highly educated and efficient employees do not attract to these patsanstha for jobs. It is observed that the employees working in the patsanstha are less educated. They work in the patsanstha on very low salaries and

after taking sufficient experience of work they leave these patsanstha and join urban banks or other institutions in expectation of high salaries. Therefore the rate of labour turnover is high, it requires time for adjustment for new persons in patsanstha.

- 8) The Political Member are prone to interfere in their working and hence the autonomy of their management is disturbed.
- 9) It has been noticed that the meeting of the General body are not convened regularly.
- 10) Lack of Co-operative Education in Society, there is not active participation of the members of the patsanstha.
- 11) There is not systematic planning to work out the requirements of credit .
- 12) Training of staff is very important factor. In this patsanstha staff is untrained.