

**** CHAPTER - V ****

CONCLUSIONS AND SUGGESTIONS.

V - 1 FINDINGS.

V - 2 SUGGESTIONS.



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CHAPTER - VV-1 CONCLUSIONS :SECTION - I

the
Kolhapur is one of important districts in Maharashtra State. It is an historical place. It is developed culturally and socially.

Agriculture is well developed in this district. One of *the* important reasons for it is adequate availability of finance. District Co-operative Central Bank acts as a balancing centre between PACS and Apex Bank. The development of PACS which cater to the needs of farmers depends upon the working of Central Co-operative Bank.

A detailed study has been made in respect of agricultural advances of KDCC Bank. The relevant data relating to the various aspects of the bank was collected and interpreted in the forgoing pages. It enabled me to arrive at certain findings as mentioned below.

1 GENERAL :

The bank completed its 48 years. It is seen that the Bank has been making consistently satisfactory progress in various aspects. Along with all the banking regulations, the bank followed all the principles of co-operation. The bank has made remarkable progress especially in the area of crop loans. It is the foremost bank not only in Maharashtra but also in India.

2. BRANCH EXPANSION :

To promote the Co-operative activities in the district, it extended its branches all over talukas and villages. As on 30-06-1984 it had 100 branches. It is worth noting that 80% of its branches are at village level. It helps PACS a lot. It saved the time and energy of PACS. There would be efficient supervision over Primary Societies.

3. MEMBERSHIP :

The above table indicates the quantitative growth of membership. Its membership was increased by 12.85 per cent during the period under review. Other societies like milk supply societies, consumers stores, marketing & processing societies were also the members of the KDCC Bank. Thus the bank helped for the development of diversified co-operative activities in the district.

4. WORKING CAPITAL :

Working capital is the pointer to measure the progress of any bank. It indicates the turnover of the Bank. Working capital increased from Rs. 4615.54 lakhs in 1978-79 to Rs. 8962.46 lakhs in 1983-84. Rate of growth of working capital is around 19 per cent per annum., it is an impressive achievement, composition of working capital showed that 79 per cent of it is contributed by deposits.

5. RESERVE FUND & OTHER FUNDS:

To face the emergency problems, reserve funds are maintained by the Bank. The above table indicates that the amount of reserve fund increased from Rs. 294.67 lakhs in 1978-79

to Rs. 546.10 lakhs in 1983-84. It increased by 85 per cent. It shows that the banking performance is satisfactory^y.

6. DEPOSITS :

Deposits are very important in banking business for the fulfilment of the credit requirement of the needy. From the beginning the bank has made strenuous efforts in mobilisation of deposits. And still the bank is striving hard for increasing the amounts of deposits. Total deposits increased from Rs. 2,491.12 lakhs in 1978 to Rs. 7,091.57 lakhs in 1984. There was three fold increase in aggregate deposits during the period under review. The average rate of growth of deposit was 31 percent.

Both Individual and societies deposits with the bank have been increasing, out of the total deposits societies contribution is more because of the Bye-Laws PACS, Urban banks and other societies have to deposit their surplus funds with the Central Co-operative Bank. The bank does not lend money to farmers directly.

Volume of saving deposit is more in case of individuals whereas in case of F.D. account societies have large amount of fixed deposit. It is clear from the table as on 30-06-1978, 50 percent of F.D. were for the period ranging between 6 months to 2 years. But this was changed on 30-06-1984, 50 per cent of individual deposits are for the period ranging from 3 to 5 years. This is due to the higher rate of interest on long term deposits.

INVESTMENT PORTFOLIO : +

The bank's ratio of total investment to working capital has been increasing. It was 16 per cent in 1978-79 and increased to 23 per cent in 1983-84.

The bank invests its large percentage of funds in Apex Bank. According to Bye-Laws it has to do so. Its investments in Government securities is very less. Because the returns on the same are low.

8. PROFIT :

The above statistical data clearly indicates that net profit was increased from Rs. 29.64 lakhs in 1978-79 to Rs. 84.15 lakhs in 1983-84. It recorded near about 3 fold increase during the period under review. The average rate of growth of profit was 3.79 per cent per year.

9. TREND OF LOANS & ADVANCES:

The above table clearly shows that the total advances increased from Rs. 1600.55 lakhs in 1978-79 to Rs. 3251.71 lakhs in 1983-84. It means there is near about two fold increase in loans and advances. The average rate of growth of advances was 20.63 per cent. Total advances increased due to three reasons

- a) increase in the cost of cultivation.
- b) due to inflationary tendency.
- c) more and more lands were brought under cultivation.

10. CROP LOAN :

They were increased from Rs. 1491.85 lakhs in 1978-79 to Rs. 3014.53 lakhs in 1983-84. It recorded more than 2 fold increase during the period under review. Annual compound growth rate of crop loan was 14.8 per cent. It is to be noted that more than 90 per cent of loans were sanctioned for Short Term i.e. to purchase fertilizers and to meet labour charges, water charges etc. Crop loan is the main objective of the bank. Major irrigated land (about 80 per cent) is under sugarcane in this district.

There is a large gap between loan sanctioned and disbursed. The reasons are..

- i) Societies demand more than the amount given in the Banks loan policy. Actual disbursement is made on the basis of the past-records of production.
- ii) Some members are the defaulters. As a result the gap arises.

Crop wise distribution loan shows that more than 75 per cent of loan is given for sugarcane growers. Other crops received less amount. The reason was..

- a) The farmers were habituated to get loans for the production of sugarcane only. Sometimes they use the raw materials (e.g. fertilizer) for other crops without proper knowledge.



- b) Loan limits are more in case of sugarcane comparatively.

Therefore, it should be raised so that other crops would be encouraged. PACS have to take lead to induce the farmers. They should not discourage the farmer who demand the loans for various crops other than the sugarcane to avoid the risk of over-due.

11. MEDIUM TERM LOAN :

After the introduction of NABARD, these loans also increased on a large scale. The average rate of growth of Medium Term Loan was 23.65 per cent during the period under review. More loans were demanded for mainly the purchase of milch animals and lift irrigation scheme. Due to limited demand only, medium term loans were less comparatively. As the size of land is small i.e. 7.5 acres. People do not prefer to purchase heavy machines.

12. BANK'S OUTSTANDING & OVER DUES :

Total outstandings of the bank increased from Rs. 1611.77 lakhs in 1978-79 to Rs. 2979.75 lakhs in 1983-84. When advances go on increasing, it is natural that outstandings rise. The percentage of over due to outstanding has been falling. It decreased from 17.79 per cent in 1978-79 to 5.70 per cent in 1983-84. It obviously shows that the bank had no over due problem. Percentage of recoveries to recoverable dues increased from 86 per cent

to 95% during the period under review. Taluka-wise recovery position is also satisfactory.

The problem of over dues is the main difficulty faced by Co-operatives in India. Over dues were to extent of 48 per cent in India. In Maharashtra it was to the extent of 50 per cent. This bank succeeded in solving the problem of over dues. It is a new finding compared to other Banks. This is a unique feature of the bank. The bank stood first in the state in respect of recoveries of loans. It acts as a model for others.

It is interesting to know the causes of high recovery rates.

i) There is an historical reason. During the reign^{me} of Shahu Maharaj, in Kolhapur district, farmers were manufacturing jaggery in villages. There were informal Co-operative organisations to cultivate sugarcane and process it. These were known as Fads (फड). The leaders of the fads were borrowing from money-lenders. They used to repay the loans at proper time. Thus a tendency of recovering the loans at given period was cultivated among the borrowers i.e. farmers.

ii) 50 per cent of loans were given in kind and remaining 50 per cent in cash. Therefore, there would be less chance for misutilisation of funds.

iii) The most important reason was the successful operation of linking with marketing. 80 per cent of loans are recovered through linking process.

Sugar factories take leading role for repayment. It shows that co-operatives are working on Sound Co-operation. The principle of Co-operation among the co-operatives is followed here.

iv) The Bank lends to marketing and processing societies. It helped the farmers a lot.

v) If farmers fail to repay their funds, they will not be financed in future. Under this fear also farmers try to pay off their debts due to PACS.

vi) Agriculture is the main occupation in Kolhapur district. So the farmers try to increase their income by utilising the funds for which object it is borrowed.

vii) Efficient and effective supervision by the Bank officials is also one of important reasons for high recoveries.

viii) More than 75 per cent of loans go to the pockets of sugarcane growers. Major irrigated land (about 80%) is under sugarcane in this district. Therefore, repayment of money does not involve any hurdle.

C O N C L U S I O N SSECTION - IIBANK AND REFINANCE

13. Under NABARD, the loans were given for only lift irrigation schemes, other projects/schemes have not been enhanced.

14. Figures show that, under IRDP programme, the bank has made an impressive performance. Only milch animals, lift irrigation schemes and gobar-bags under Government sponsored schemes received more financial facilities.

15. Under the crop insurance scheme, the bank's performance is ~~negligible~~ negligible. Out of 12 Talukas it was implemented in 3 Talukas. The threshold productivity fixed by the Govt. is pretty low.

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SUGGESTIONS

1) If we see the cropping pattern of Kolhapur District, ^{1.1 Chapter IV 'a'} (Table) it would be clear that 18 per cent of area ~~shown~~ is under sugarcane.

Crop-wise distribution of K.D.C.C. Bank's loans
^{Chapter II A}
 (Table 1.10) indicates that more than 75 per cent of advances are disbursed among sugarcane growers. It means 18 per cent of sown area enjoys more than 75 per cent of crop-loans. Remaining 25 per cent of advances goes to 82 per cent of sown area. This type of loan distribution is quite skew.

The bank should take a lead in developing the dry farms of the district. This bank is financially very sound. Therefore with the help of an agricultural college/ University, it has to undertake a pilot project under which the dry area farmers are given crop-loans to produce Mil Seeds, dals etc.

There is a shortage of these commodities in the country. She spends valuable foreign exchange on the import of these goods. The experience gained from Pilot scheme for dry area farming would be beneficial to all.

Banks are the catalytic agents of Economic Development. This bank should not be self-comple²cent because their over-dues are meagre.

The co-operative banks in other countries play active role in developing new entrepreneurs, new projects etc. If K.D.C.C. Bank moves in this direction, it would make certainly a notable achievement.

2) Under NABARD Scheme, only lift irrigation Schemes are enhanced. Different projects such as Horticultural Developmental Programme should be prepared and it should be sanctioned by NABARD/RBI.

Prior to preparation of schemes, the bank has to take into account the available infrastructure in the area. The co-ordination of Govt. Semi Govt. and some such agencies is a must for making schematic lending a success.

3) Many new activities should be encouraged under IRDP programme.

4) The threshold productivity per hectare fixed by the Govt. (under crop-insurance policy) is very low. Even in dry areas, under normal circumstances, the productivity is more than threshold yield limit fixed for this district. Therefore the borrowers are not interested to adopt crop insurance policy. This policy needs revision. Minimum productivity per hectare for adopting crop-insurance policy should be raised upto a reasonable limit considering the agro-climatic conditions of the areas. Crop cutting costs should be properly scheduled.