

CHAPTER - IX

FINDINGS AND SUGGESTIONS

A. Findings

B. Suggestions.

CHAPTER : IX**: FINDINGS AND SUGGESTIONS :**

In the preceding chapters an attempt was made to evaluate the performance of selected rural branches of Bank of Maharashtra in Kolhapur District with particular reference to mobilisation of resources, deployment of credit, employment promotion and finance to the weaker sections of the society. In this concluding chapter the findings of the study were presented and a few suggestions were made which in my opinion are necessary to make the role of branches in rural development more effective.

A. FINDINGS :**1) ACHIEVEMENT OF TARGETS :**

The branches have achieved the following targets stipulated by the Reserve Bank of India :

- a) To provide 40 per cent of total credit to priority sectors,
- b) To extend at least 40 per cent of priority sector advances to agriculture sector,
- c) To disburse a minimum of 1 per cent of total advances under the 'Differential Rate of Interest Scheme'.

However, since the data regarding advances under the 'Differential Rate of Interest Scheme' by Bidri branch was not obtained, the author was unable to comment on the achievement of target in this respect by that branch. Also as regards the target of 12.5 per cent of total advances for small-scale industries to weaker sections in these industries and sub-target under the 'Differential Rate of Interest Advances' for Scheduled Castes and Scheduled Tribes, no comment could be made for the unavailability of data in this respect.

2) IMPROPER UTILISATION OF LOANS :

It has been found that especially in agriculture and allied activities from 10 to 20 per cent in general the loans were not utilised properly for the purposes for which they were taken. Loans are mis-utilised for consumption purposes. This may be due to the ineffective supervision of end-use of credit by the bank or the wilful act of the borrower. Amongst other reasons are the illiteracy and ignorance of borrowers of the obligations and liabilities towards the bank and the political environment that the Government will write off the loans etc.

However the result is inadequate returns, over dues and lower percentage of recovery.

3) PROBLEM OF OVERDUES :

Every branch was facing the problem of overdues. The proportion of overdues is more especially in agriculture and allied activities. The percentage of overdues for the branches under study varied from 32 per cent to 68 per cent as on 30th June, 1981. The reasons for mounting overdues may be stated as improper utilisation of loans, lack of repayment tendency, sale of assets without the notice of the bank, ineffective supervision of end-use of credit, no control of bank over marketing activities except sugarcane etc. As regards order of recovery, Government dues and society loans enjoy preference over the bank loans. Hence, unless these dues are recovered, bank dues cannot be recovered.

4) INADEQUATE NUMBER OF AGRICULTURAL OFFICERS :

At present there are only 3 Agricultural Officers in Kolhapur District and they have to cover all the 16 rural branches in the District. There are no Agricultural Clerks even at branch level. Again the Agricultural Officers are not posted at branch level. Every Agricultural Officer is assigned with a cluster of 4/5 branches in the rural area. Under the circumstances it becomes difficult to keep constant and more effective supervision on the utilisation of credit.

5) LACK OF RURAL ORIENTED TRAINING :

It is also found that except for branch managers there was no provision of imparting training programme with rural orientation to the Clerks working in rural branches.

6. SUGGESTIONS :

The following suggestions may be of great use and value if the Bank of Maharashtra tries to implement them wherever possible so that the bank's participation in the rural development programmes will definitely increase by benefitting the rural masses to a larger extent.

1) RURAL ORIENTED TRAINING TO CLERKS :

The needs and problems of rural finance are altogether different than those of urban. Again the educational level of rural clientele is low. Hence to understand their needs and problems in a better manner and to provide them more satisfactory service, the training course of clerks should contain some programme with rural orientation and bias.

2) APPOINTMENT OF MORE AGRICULTURAL OFFICERS :

The Bank should appoint as far as possible more Agricultural Officers and post them at branch level so that the heavy workload on the present Officers will be reduced and they will be able to give more justice to

their work. Again the appointment of more Agricultural Officers will lead to quick disposal of proposals, submission of statistical returns and attendance to the problems of borrowers etc.

3) STRICT SUPERVISION OF END-USE OF CREDIT :

The Branch Managers should pay frequent visits to the borrowers, keep strict supervision on the end-use of credit so that the possibilities of mis-utilisation may be reduced and recovery increased.

4) VILLAGE ADOPTION PROGRAMME :

The branches should adopt at least a village each for developmental assistance, prepare and implement schemes for meeting the credit requirements of all sections of the community therein. This approach will lead to integrated development of rural economy by avoiding the possibility of overlapping of efforts and resources in the same area by 2 or more financial institutions.

5) EMPLOYMENT PROMOTION :

In order to further the employment promotion programme in rural areas the branches should hold gatherings of educated unemployed and others interested in starting business, industry or other productive activity, discuss various schemes, identify new entrepreneurs and assist them to build up proposals.

At present the bank is conducting motivation and follow up camps in this connection. However, their number and frequency should be increased.

6) FARMERS' SERVICE SOCIETIES :

The problems of farmers cannot be solved only by providing financial assistance to them. To improve productivity in agriculture they should also be provided with agricultural inputs and implements, assisted in marketing of farm produce. For this farmers' service societies which aim at providing integrated credit services should be organised and financed by banks. At present there is no society of this kind in Kolhapur District.

At the same time sincerity amongst borrowers should be increased. Their attitudes and outlook should be changed through education, so that they will utilise the loans properly and repay them well in time. This will benefit both the borrowers and the bank. Bank funds will keep on rotating and will not be blocked in overdue.

Moreover, bank finance alone will not be able to bring about the development of rural areas. The Government should create infrastructure in rural areas, markets should be developed in nearby areas, technical

and managerial guidance should be provided, then and then only agro-based industries will develop in rural areas. Agriculture should be modernised. Primary Co-operative Societies, Co-operative Banks and Commercial Banks should help the farmers in this respect since the needs of agricultural credit are far more than the present supply. Hence the concept of multi-agency approach should be adopted. Co-ordinated and concerted efforts should be made for rural development.

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