

CHAPTER VI

SUMMARY, CONCLUSIONS AND SUGGESTIONS

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In this Chapter the researcher has made an attempt to make summary and conclusions of the previous chapters. And on the basis of conclusions some suggestions are made.

GENERAL:

Agriculture is the most important sector in India economy and the development of agriculture is essential for general economic development of the country. However the provision of organised credit is essential for the implimentation of the schemes of agricultural development. Particularly this is very essential in India because the average farmers in India have hardly any finance to effect improvement in the land. In order to improve the productivity of agriculture in India, adequate supply of long-term investible fund becomes necessary. Thus, the supply of long-term credit is of fundamental importance in the field of agriculture. Commercial banks, state and Central Co-operative Banks and primary credit societies can not lend this important long-term credit as they mainly depend upon short-term deposits. Hence, a separate agency, called, "Land Mortgage Banks (later on known as LDBS) has been constituted specially for landing long-term credit in India.

Germany is the birth-place of land mortgage banking. In India the first co-operative LMB was organised on 30th June 1920 at Jhange in Punjab. However, the real beginning of Land Mortgage Banking in India was marked by the establishment of Central LMB in Madras in 1929. In 1935 a Central Land Mortgage Bank was organised in Bombay, on the lines of Madras. The Sangli district co-operative LMB was registered in Sangli District in 1962. The Maharashtra State

Co-operative LDB is functioning through its three sub-branches in Walwa Taluka.

The federal structure is considered as most suitable structure for India, but the structural pattern of The Maharashtra State Co-operative LDB is unitary one.

The long-term co-operative credit policy in India was modified from time to time. In the beginning LDBS advanced loans mainly for redemption of prior debts and mortgage land. But with the advent of economic planning, emphasis was laid for financing capital investment in agriculture. Then LDBS accorded top priority to loans for minor irrigation. During 1967-68, LDBS adopted production oriented policy. Recently the LDBS followed diversified lending policy.

The importance of LDBS has considerably increased due to emphasis on increasing the productivity of land. Increase in productivity can only be possible if a large amount of capital is invested for a pretty long period. In recent years these LDBS prefer to advance loans for improvement of agricultural land and productive purposes.

Considering this important role of LDBS for the upliftment of agriculturists the researcher has selected the topic entitled, "The Role of The Maharashtra State Co-operative Land Development Bank in Walwa Taluka" for present study. This study is related only to a few important aspects like loans advanced for different purposes, type of agriculturists to whom loans were advanced, utilization of loans & recovery performance of this Bank. For this study a period of five years from 1979-80 to 1983-84 of the working of this bank is taken into consideration. Both primary and secondary data is used for this study.

DEMAND FOR LOANS:

The demand from cultivators for long-term loans in Walwa Taluka was rapidly declined from Rs.135.22 lakhs in 1980-81 to Rs.59.09 lakhs in 1981-82. During the period from 1981-82 to 1982-83 this demand rapidly increased to its highest level from Rs.59.09 lakhs to Rs.245.92 lakhs. Further during the subsequent years it was declined to its lowest level of Rs.32.07 lakhs.

The total average demand for long-term loans towards these three sub-branches was Rs.118.08 lakhs during the period of study. The shares of Ashta, Islampur north and Islampur South Sub-branches in this total average demand was Rs.57.93 lakhs, 33.52 lakhs and 26.63 lakhs respectively.

From the above, it can be concluded that the demands for long-term loans in Walwa Taluka had been continuously declined except in 1982-83, and the share of Ashta sub-branch in total average demand for long-term loans was higher as compared with other two sub-branches of LDB, Bombay in Walwa Taluka. It was nearly 50% of the total average demand during the period of reference. From the discussion with officers in the Bank, the Researcher has found that this trend was due to the increasing role of commercial banks in the field of agriculture.

LOANS SANCTIONED:

The total loans sanctioned by the sub-branches of LDB, Bombay in Walwa Taluka during the period from 1980-81 to 1981-82 was rapidly declined from Rs.85.63 lakhs to Rs.42.60 lakhs. During the year from 1981-82 to 1982-83 it was increased to its highest level of Rs.227.67 lakhs from

merely 42.60 lakhs. However, during the subsequent year it was declined upto Rs.18.93 lakhs. These sub-branches sanctioned average loans of Rs.93.71 lakhs during the period from 1980-81 to 1983-84. Out of this total average sanction Rs.52.56 lakhs were sanctioned by Ashta sub-branch, Rs.21.44 lakhs by Islampur north sub-branch and Rs.19.71 lakhs by Islampur south sub-branch.

Thus, it can be concluded that the long-term loans sanctioned by Maharashtra State Co-operative LDB in Walwa Taluka went on decreasing except in 1982-83. It was due to the fact that the RBI and NABARD imposed restrictions on advancing loans as the average overdues of this bank in Walwa Taluka was exceeding 26%. These restrictions seriously affected the lending programme of this LDB, Out of the total average long-term loans sanctioned more than 56% loans were sanctioned by Ashta Sub-branch during the period of study.

LOANS ISSUED:

The loans issued by The Maharashtra State Co-operative LDB, Bombay in Walwa Taluka exhibited a decreasing trend except in 1983-84. The loans issued by this Bank were continuously decreased from Rs.72.18 lakhs in 1979-80 to Rs.56.76 lakhs in 1982-83. However, during the subsequent year loans issued were increased from Rs.56.85 lakhs to Rs.105.88 lakhs.

The average loans issued by this Bank were Rs.72.80 lakhs, of which Rs.31.92 lakhs were issued by Ashta Sub-branch, Rs.24.71 lakhs were issued by Islampur South Sub-branch and Rs.16.17 lakhs were issued by Islampur north sub-branch.

From the above it can be concluded that the long-term loans issued by 'The Maharashtra State Co-operative LDB' in

Walwa Taluka declined continuously except in 1983-84 and ¹²⁷ out of the average loans issued in Walwa Taluka the Ashta Sub-branch issued more than 43% loans, during the period under review.

PURPOSEWISE DISBURSEMENT OF LOANS:

1) The Maharashtra State-Co-operative LDB in Walwa Taluka disbursed loans for different purposes such as construction of wells, repairing of old wells lift irrigation, Electric motors, pipe line, tractors, cows, farmhouses etc. Thus all the loans were issued for productive purposes only.

The researcher would like to suggest that this bank should maintain the same trend in the years to come by issuing loans for productive purposes.

2) The loans disbursed for the purposes of new and old wells and lift irrigation schemes by this bank in Walwa Taluka increased from Rs.27.72 lakh in 1979-80 to Rs.90.66 lakh in 1983-84. The proportion of loans for these purposes to total loans issued was increased from 38.41% in 79-80 to 85.63% in 1983-84. The proportion of these loans to total loans in Ashta sub-branch continuously went on increasing from 4.56% in 1979-80 to 71.48% in 1983-84. On the contrary, the proportion of these loans to total in Islampur-South sub-branch continuously went on decreasing from 33.85% to 1.03% during the period from 1979-80 to 1983-84. This proportion in Islampur North sub-branch remained in the range from 9.75% to 43.59%. These sub-branch remained in the range from 9.75% to 43.59%. These sub-branches have advanced nearly 61% of total average loans issued, for these purposes in Walwa Taluka.

Thus, it can be concluded that the Maharashtra State **128** Co-operative LDB, in Walwa Taluka accorded a top priority for financing wells and lift irrigation schemes in Walwa Taluka. The loans issued for these ~~pur~~ purposes by sub-branches of this Bank increased continuously except in 1982-83. The role of Ashta Sub-branch in advancing loan for wells and lift irrigation schemes was quite considerable. However, the role played by Islampur north & Islampur south sub-branches in advancing loans for these purposes was not satisfactory.

3. Loans issued by The Maharashtra State Co-operative LDB in Walwa Taluka for electric motors increased from Rs.3.48 lakh to Rs.6.52 lakh during the period of three years from 1979-80 to 1981-82. However, in subsequent years those loans declined upto Rs.3.17 lakh. The average amount issued by this bank for this purpose was Rs.4.16 lakh, during the period of study. In this amount the Ashta sub-branch had the share of Rs.1.57 lakh, Islampur north sub-branch had the share of Rs.1.14 lakh and Islampur south sub-branch had the share of Rs.1.45 lakh.

The proportion of loans issued by this Bank for purchase of electric motors to total continued to remain in the range from 2.99% to 10.84%.

From the above it can be concluded that the loans issued, by this bank for purchase of electric motors in Walwa Taluka was insignificant. The share of each sub-branch in total average issue was nearly equal.

4. The loans issued for purchase of pipe-line by The Maharashtra State Co-op.LDB Bombay in Walwa Taluka increased from Rs.2.98 lakhs to Rs.4.81 lakhs during the years from 1979-80 to 1982-83. However, during the subsequent year these loans

issued for that purpose to total loans, issued by this Bank remained below 8.46%. The average amount issued by this bank for pipe line during the period of study was Rs.4.21 lakhs. Out of this 28.74% loans were issued by Ashta sub-branch, 33.25% were issued by Islampur north sub-branch and 38.10% were issued by Islampur sub-branch.

Thus it can be concluded that the loans issued by this bank for purchase of pipe line in Walwa Taluka was insignificant.

5. The loans issued by this bank for the purchase of power tillers and tractors in Walwa Taluka decreased from Rs.24.32 lakhs in 1979-80 to Rs.2.55 lakh. In 1983-84. The proportion of these loans to total loans issued during the years 79-80 and 1980-81 was 33.69% and 28.37% respectively. But during the subsequent years it continued to remain in the range from 2.41% to 9.22%. The average amount issued for power-tillers and tractors was Rs.11.10 lakh. Out of this 67.12% loans were issued by Islampur South sub-branch, 23.15% loans were issued by Islampur north sub-branch and only 9.73% loans were issued by Ashta sub-branch.

From the above it can be concluded that the loans issued for purchase of power-tillers and tractors were significant in amount during the period from 1979-80 to 1980-81. However, during the subsequent period the loans for this purpose went on decreasing. As only large farmers can purchase tractors and there was a limit on the number of farmers in the large size group the demand for this purpose was declined. Moreover borrowers in the large size group of this bank were declined in Walwa Taluka.

6. The loans issued by The Maharashtra State Co-op.LDB in ¹³⁰ Walwa Taluka for the purchase of cows during the period of four years from 1979-80 to 1982-83 was continuously went on decreasing from Rs.12.56 lakh to Rs.4.32 lakh. However, there was a slight increase during the subsequent year. In that it was increased upto Rs.4.75 lakh. The proportion of this loans to total loans issued, continued to remain in the range from 4.49% to 20.65%. The average amount issued by this bank for purchase of cows was Rs.9.34 lakh. Out of this total average issue, Islampur south sub-branch had issued 56.85% loans, Ashta sub-branch had issued 32.23% loans and Islampur north sub-branch had issued 10.92% loans. This bank issued about 12% of the total average loans issued, for this purpose.

Thus it can be concluded that the loans issued for purchase of cows by this bank showed an decreasing trend. However, it seems that owing to diversified lending policy this bank had given due attention in financing for dairy farming. But this diversification was limited only to dairy farming. Till there is a scope for deversification of lending policy. Therefore the researcher would like to suggest that this bank should give due attention alongwith dairy farming. & in financing other subsidiary activities such as poultry farming as it creates an additional source of income to cultivators. It will result in improving the economic conditions of the farmers.

7. The long-term loans issued for other purposes were negligible as the proportion of such loans to total remained below 3.59%.

TYPE OF AGRICULTURISTS:

1. Out of the total loans issued to sample borrowers by The Maharashtra State Co-operative LDB in Walwa Taluka, 36.63%

loans have gone to small farmers group, 34.41% loans have gone to medium farmers group and 28.96% loans were received by large farmers group. Small farmers formed 57.69% of the total sample borrowers, while medium and large farmers formed 36.54% and 5.77% of the total sample borrowers. The average loans received per farmer in the small, medium and large farmers group was amounting to Rs.10,473, Rs.15,532 and Rs.82,200 respectively.

From the above it can be concluded that the number of borrowers of The Maharashtra State Co-operative LDB in Walwa Taluka declined in the large size group. Moreover, this bank laid emphasis on small farmers in advancing loans. But at the same time the average loans received by each farmer in small farmers group was very little during the period under review.

The researcher would like to suggest that this Bank should intensify their efforts further and make positive efforts to increase the share of loans to small farmers to the level of minimum 50%.

2. Loans amounting to Rs.8,57,700 were issued to the sample borrowers by The Maharashtra State Co-operative LDB in Walwa Taluka. Out of this total amount 21.21% loans were issued for construction of new wells, 19.21% loans were issued for repairing of old wells & joints, 13.87% loans were issued for purchase of Electric motors and pipe-line and 26.44% loans were issued for powertillers and tractors. The loans issued for farm houses and other purposes were 4.19% and 3.42% respectively.

Loans amounting to Rs.3,14,200 were received by the

small farmers group. Out of this total amount 65.40% 132
loans were received for minor irrigation. The proportion of loans for cows to total loans received by this group accounted for 20.05%. Loans received for other purpose were negligible.

Medium farmers group received the loans amounting to Rs.2,95,100. Out of this total amount 80.85% loans were received by this groups for minor irrigation. The proportion of loans received for cows was 12.54% of the total loans received by this group.

Loans amounting to Rs.2,48,400 were received by large farmers group. Out of this amount 91.30% loans were received for purchase of powertillers & tractors and 8.70% loans were received for purchases of Electric Motors & pipeline.

From the above, it can be concluded that comparatively more loans were issued for minor irrigation by this bank in Walwa Taluka. Small & medium farmers preferred to take loans for minor irrigation and dairy farming from this bank, while large farmers preferred to take loans for purchase of powertillers and tractors.

3. Out of the total sample borrowers in Walwa Taluka 17.31% borrowers, are illiterate and 82.69% are literate., of which majority borrowers are studied upto matriculates. The borrowers of maratha caste formed 69.23% of total sample borrowers. Alongwith these borrowers the borrowers of the castes of Dhangar, Jain, Lingayat, Mali etc. were also received loans from this Bank. But their proportion in total sample borrowers was very little. It remained in the range from 1.92% to 9.62%.

Thus, it can be concluded that the majority of 133 sample borrowers in Walwa Taluka are educated and the major beneficiaries of this Bank in Walwa Taluka were the maratha cultivators.

UTILISATION OF LOANS:

It is examined from the office records that about 99.91% of the total loans advanced by this Bank in Walwa Taluka was utilised by the borrowers for productive purposes. While the proportion of misutilisation of loans to total loans was merely 0.09.

Therefore, it may be concluded that more than 99% of the total loans issued in Walwa Taluka by this Bank were utilised for the purposes for which they were issued.

OUTSTANDINGS AND RECOVERY:

1. The outstandings of this Bank in Walwa Taluka went on increasing from Rs.319.88 lakh in 1979-80 to Rs.432.52 lakh in 1983-84. This outstandings were increased at the average growth rate of 8.52%. The recovery of this bank increased from Rs.47.50 lakh in 1979-80 to Rs.78.96 in 1983-84 lakh. The average growth rate of recovery was 14.32%.

Outstandings of Ashta-sub-branch consistantly increased rapidly from Rs.63.33 lakh in 1979-80 to Rs.170.53 lakh in 1983-84. However, recovery of this sub-branch increased slowly from Rs.14.12 lakhs to Rs.20.35 lakh during the period from 1979-80 to 1981-82. During the subsequent years it declined upto 18.18 lakh. The average growth rate of outstandings in this sub-branch was 31.40% while the average growth rate of recovery was only 8.24%.

Outstandings of Islampur north sub-branch increased **134** at the average growth rate of 2.57%, on the contrary recovery was increased at the average growth rate of 39.45%. Outstandings of Islampur south sub-branch at the average growth rate of 29.49% while recovery was declined at the average growth rate of 1.09%.

In short it may be concluded that the outstandings of The Maharashtra State Co-operative LDB in Walwa Taluka was increased slowly, on the contrary the recovery was increased rapidly as compared with the growth rate of outstandings during the reference period. The average growth rate of outstandings in Ashta sub-branch was more as compared with the average growth rate of recovery of this sub-branch. On the contrary, the average growth rate of outstandings in Islampur north sub-branch was low as compared with the average growth rate of recovery of this sub-branch. Both outstandings and recovery of Islampur South sub-branch were declined but the former rapidly declined and latter slowly declined during the period of reference.

2. The proportion of recovery to demand of The Maharashtra State Co-operative LDB in Walwa Taluka increased from 48.76% in 1979-80 to 68.64% in 1981-82. However, during the subsequent years it declined upto 54.79%. The average proportion of recovery of this Bank was remained below 59% in Walwa Taluka. This proportion in Ashta Sub-branch continued to remain in the range from 44.25% to 64.82%. The average proportion of recovery of this sub-branch was 57.72%. This proportion in Islampur north sub-branch increased rapidly from 62.72% in 1980-81 to 72.87% in

in 1981-82. However, during the subsequent period it was declined upto 47.30%. This proportion in Islampur South sub-branch continued to remain in the range from 52.82% to 69.06. The average recovery of this sub-branch was 59.91%.

Thus, it can be concluded that the recovery performance of The Maharashtra State Co-operative LDB in Walwa Taluka was far from satisfactory as it was remained below 68.84% during the reference period. According to the norms established by R.B.I. and NABARD the recovery of LDBS should not be less than 84%. No one of the above sub-branches in Walwa Taluka reached to this standard. It seems that the recovery performance of Islampur South Sub-branch was more or less satisfactory as compared with the recovery performance of other two sub-branches in Walwa Taluka.

The researcher would like to suggest that The Maharashtra State Co-operative LDB in Walwa Taluka should make concentrated efforts to improve their recovery performance as the overdues of this bank seriously affected the lending programme.

OVERDUES:

1. The overdues of The Maharashtra State-Co-operative LDB in Walwa Taluka decreased from Rs.45.81 lakhs in 1979-80 to Rs.33.85 lakh in 1981-82. However, during the subsequent years it was rapidly increased upto Rs.65.20 lakh. The overdues of Ashta sub-branch, declined from Rs.17.79 lakh in 1979-80 to Rs.10.99 lakh in 1981-82. However, during 1982-83 it increased upto Rs.12.80 lakh.

Further, during 1983-84 it declined upto Rs.10.91 lakh. The overdues of Islampur north sub-branch decreased from Rs.7.36 lakh in 1980-81 to Rs.6.23 lakh in 1981-82. During the subsequent years it increased upto Rs.37.32 lakh. During the period of four years from 1979-80 to 1982-83 overdues of Islampur South sub-branch declined from Rs.28.02 lakh to Rs.16.29 lakh. However, during 1983-84 it was slightly increased upto Rs.16.97 lakh.

Thus, it can be concluded that the overdues of The Maharashtra State Co-operative LDB, in Walwa Taluka showed a fluctuating trend during the period of reference. The overdues of Ashta sub-branch showed decreasing trend except in 1982-83. On the contrary overdues of Islampur north sub-branch showed an upward trend except in 1981-82. The overdues of Islampur South sub-branch showed an decreasing trend.

2. The proportion of overdues to demand from borrowers by The Maharashtra State Co-operative LDB in Walwa Taluka remained in the range from 31.36% to 49.09%. The annual average of such proportion was 42.62%.

Thus proportion in Ashta sub-branch continued to remain in the range from 35.18% to 55.75%. While, such proportion in Islampur north & Islampur south sub-branches remained in the range from 27.13% to 52.70% and 30.94% to 47.18% respectively.

The average proportion of overdues to demand in Ashta, Islampur north & Islampur south sub-branches continued to remain in the range from 48.09% to 42.28% during the reference period.

From the above it can be concluded that The Maharashtra State co-operative LDB in Walwa Taluka was facing the problem of mounting overdues during the period under review. From the discussion with Bank Officers, the researcher has found that financing for wells in dry areas and cows, more work-load on supervisors and wilful defaults were responsible for this mounting overdues.

To solve this problem of overdues the researcher would like to suggest that this bank should-

- a) encourage the borrowers to adopt double cropping pattern instead of taking cash crops with the help of limited water resources.
- b) Reduce the workload of supervisors. The nature of supervision should mostly technical rather than that of clerical one.
- c) take serious steps against wilful defaulters.

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