CHAPTER NO.7

Summary of Findings and suggestions.

7.1 Introduction.

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Summary of Findings and Suggestions.

7.1. Introduction :-

This chapter deals with a summary of my findings and suggestions regarding the functions of Krishak Seva Sahakari Sansthas in Maharashtra. The findings and suggestions are based on the information and data collected by me from the various sources as the Annual Reports, Audit Reports, Personal discussion, Questionnaire and interviews with Directors, Chairman, M. D. and Manager of sample KSSSs.

7.2 Summary of findings.

1) Establishment: - Govt. of Maharashtra established 27 KSSSs since 1975 in the State. Now only 16 KSSSs are working in their operating areas and 11 KSSSs are closed due to overdues, Management and Political problems after 1990. The researcher has selected 8 KSSSs for the study out of 16. These societies cover 157 villages from 8 Tahsil, 7 District and 5 Revenue division of Maharashtra. These KSSSs are being sponsored by Nationalised Banks (CBs), RRBs, and DCCBs for finance and for establishing co-ordination between CBs, DCCBs working.

2) Multi-purpose services: - These KSSSs are providing multipurpose services in operating area. In this some societies services are different e.g. Shiroli BK provides Fair Price consumer stores, (Nivrutti Bazar) services to publics, Koyana KSSS provides Credit Card and Personal accident Insurance scheme, Central Godawari KSSSs provides Group Insurance Scheme, and Farm house Scheme facility to members. GodaUnion provides primary and secondary school, Public Library and I.T.I. services to public. Generally PACCS do not providing these services to members. But KSSSs provide these different services.
3. Members :- Total number of members of all sample KSSSs is 26,738 on 31st March 1999. Koyana, Central Godawari, Union, Renuka and Vasishty KSSSs have a scope to increase their members due to their large operating area. Shiroli, Goda Union and Central KSSSs have limited scope to increase member due to their limited area of operation. Shiroli and Koyana are generating maximum employment as compare to others and the KSSSs are working on co-operative principles. Only 6% of members noted their respons that management of KSSS is not efficient and 11.6% members contest for directors Boards.

4. Sources of funds :- These KSSSs are collecting their funds by way of owned and Borrowed funds.

I) Owned funds :- Owned funds position of Shiroli and Koyana is better so these two societies shows strengthening the base of their owned fund. Central Godawari, Goda Union, Union and Central KSSSs owned fund position is good and they are more dependent on sponsoring Bank loans. Renuka and Vasishty KSSSs are not sound as compare to above KSSSs and these two KSSSs are mostly dependent on Sponsoring Bank help.

II) Borrowed fund :- Shiroli and Koyana KSSSs borrowed fund amount is less than total average so these two KSSSs are less dependent on sponsoring Banks loan for funds. Other KSSSs borrowed fund average is more than the total average, so all these KSSS's are more dependent upon sponsoring Banks. Sponsoring Banks are successful in fillup the credit gap

5) Application of funds :- These KSSSs utilise maximum amount of funds for Advancing loans, Investment and fixed assets.

i) Members loan :- Shiroli, Central Godawari, Goda Union, Union and Central KSSSs member loan amount is more than Bank loans. So they earn more income, Koyana KSSS members loan percentage is less than Bank loans but this KSSS earns profit in other trading activities. Renuka and Vasishty KSSSs members loan percentage is more than Bank
loan but their income position is not desirable. All KSSSs sanction the loans to members after the sanction of Board of directors. Loan recovery is made through linking and directly.

ii) Investment: Koyna and Central Godawari utilise more amount from Total funds for investments as compare to others. All KSSSs made investment as per the provision of State Co-operative Act, so their investment interest income is increased.

iii) Fixed Assets: Shiroli, Goda Union and Renuka KSSSs invest more amount from funds in fixed assets as compare to others, so their interest income is reduced. Renuka KSSS financial position is not sound but it invests more amount in fixed assets. So these KSSSs fixed assets policy is not desirable. Central Godawari and other KSSSs fixed assets policy is desirable.

6) Overdues: Loan overdues continued to be a serious weakness of co-operative structure. All KSSSs are suffering from overdues problem. Shrioli, Koyana and Central KSSSs overdues problem is less than other KSSSs. In all the KSSSs, Renuka and Vasishty KSSSs are greatly suffering from overdues problem. Out of the total respondent members more than 70% members noted their response that the KSSSs are suffering from overdues but actually themselves included in overdues members. Due to state Government loan freezing policy, economically sound farmers are not repaying the loans of KSSSs. Bad debts problem of all KSSSs is not serious.

7) Operating efficiency: Operating efficiency of KSSSs is judged by profits, for that income & expenses analysis is made and from that following points are drawn

i) Interest income: Central Godawari, Shiroli, Goda Union and Union KSSSs interest income percentage is more than the other KSSSs, so their income position is sound. Koyana KSSS earn income in other trading
activities. Renuka, Vasishty and Central KSSSs interest income position is not sound.

ii) Interest paid: Koyana, Renuka and Vasishty KSSSs interest paid expenses are less than the other because these KSSSs did not accept deposits. Sponsoring Bank stoped the loans of Renuka and Vasishty KSSS so their interest paid is less.

iii) Total Expenses: Shiroli, Koyana, Central Godawari's total expenses percentage to total income is less than the average as compare to others, so these KSSSs earn more profits as compare to others.

iv) Profit: Shiroli, Koyana, Central Godawari, Goda Union and Union KSSSs earn profits every year but other do not earn profit regularly. Vasishty and Renuka suffer from heavy losses. Central KSSS earns maximum profits in last two years. Union KSSS earns profits regularly but profit percentage is very less.

v) Audit: Shiroli, Koyana, Centrl Godawari, Goda Union and Union KSSSs are awarded A class of audit regularly by the Auditor. Renuka and Vasishty KSSSs received C class of audit. Central KSSSs received B class of audit. Union KSSS office bearer says that Audit programme is not continued by the department regularly.

vi) Dividend: Shiroli, Koyana and Central Godawari declared dividend regularly and Central KSSS in last two years only. Other KSSSs have not declared dividend in a single year. In all the KSSSs Centrl Godawari paid Maximum percentage of dividend.

Operating efficiency of Shiroli, Koyana and Central Godawari is better, Goda Union, Union and Central KSSSs is good and Renuka and Vasishty is not good.

8) Working Capital: Working Capital amount indicates that Shiroli, Koyana, Central Godawari, Goda Union, Union and Central KSSSs assets are sufficient for repaying the liabilties as compare to Renuka and Vasishty KSSSs.
9) Ratio Analysis :

i) Profit Ratio :- Profit Ratio indicates that Shiroli, Koyana, Central Godawari KSSSs return on capital employed for performance is better than others, Goda Union, Union and Central KSSSs performance is good and Renuka and Vasishty KSSSs performance is not desirable.

ii) Proprietors funds:- Shiroli and Koyana KSSSs proprietors fund are more in total assets as compare to other KSSSs, so these KSSSs are economically strong than the others. Centrl Godawari, Goda Union and Union KSSSs financial position is medium , and Reunka and Vasishty KSSSs financial position is very poor.

iii) Security :- Debt to Equity Ratio indicates that Shrioli, and Koyana give greater security to sponsoring Bank as compare to others.

10) Benefits to members :- From the questionnaires analysis it is found that majority of members noted their response for they are taking loans from KSSSs regularly, the loan limit is fair and quick loan received from KSSSs More than 95% members Agricultural development is possible with the loans of KSSSs, 55% members family developed with the help of KSSS and more than 44% members say that they received dividend from KSSSs regularly. Members are really benifitted and economically developed with the help of KSSSs services and facilities.

11) Interest Rate :- Management persons of KSSS give the information that sponsoring Bank charges more than 1% interest than the DCCBs interest rate so the KSSS also provides loans to members at higher rate. Sponsoring bank charge 1/2 (half) yearly interest and society charge yearly interest on loans.

12) Deposits :- All KSSSs are not collecting deposits from members. Only Shiroli, Central Godawari, Goda Union and Union KSSSs are collecting deposits.
13) Meetings: Majority of members present for Annual General Meeting but only 11.6% members involved in decision making process of Annual General Meeting. This situation is not desirable because members are not using their rights of control on Management. All KSSSs arrange minimum one meeting of Board of Directors in a month for sanctioning the loans and other business.

14) Staff welfare: Information received from management persons of KSSSs that salary is paid to staff on lumsum basis and the amount is very lower as compare to State Government servant. Training facility is not available to servants, only study tours arranged for Management persons, M.D. and Managers only. Shiroli provides residential quarters and bonus facility to servants. Other staff welfare arrangement is not made by any other KSSS. Total Number of servant employed by all sample KSSS is 143 on 31st March 1999. In that Shiroli and Koyana appointed more than half of total servants.

15) Growth: Growth of all KSSSs is uneven in all over Maharashtra. Performance of KSSS in western Maharashtra is better than the Kokan, Vidarbh and Marathwada regions.

16) Direct loans by Sponsoring Bank: Central KSSS Chairman and Directors mentioned that sponsoring Bank provides direct loan facility to members in operating area so society is suffering from this practice.

17) Some members ask to establish separate PACC in their villages by closing KSSS. This demand is political.

18) Board of Directors: Boards of Directors of all KSSSs are appointed as per Maharashtra Co-operative Act 1960. Those KSSS Management and Board of Directors working honestly and efficiently these KSSSs are not greatly suffering from difficulties of overdues and others.

19) Performance: As per the financial analysis Shiroli, Koyana and Central Godawari KSSSs financial performance is better. Goda Union, Union and Central KSSSs financial performance is good but Renuka and Vasishty KSSSs financial performance is not sound.

It is clear from the above findings that all the four statements of hypothesis under study have been proved.
7.3 Suggestions :-

Considering the general observations and findings as have emerged from the detailed analysis of the data and discussion with Management persons, M.D., and Managers of KSSSs, the Researcher made following suggestions for their healthy growth and sound development. Government, Sponsoring Bank, Management of KSSSs and members are the main components so suggestions are made in relation to above four component.

**Government.**

1) Government should continue this scheme in future and do not give permission for establishing PACCS and dissolution of KSSS in operating area. KSSS financial position is better as compare to financial position of PACCS in Maharashtra. So this Scheme should be continued.

2) This scheme started for establishing co-ordination between commercial Banks and Co-operative Banks, but co-operative Banks interest rate is less than 1% as the commercial Banks. So Government made request to RBI for charging interest as per co-operative Banks interest to commercial Banks for advancing lonas to KSSS. Due to this practice the financial position of KSSS will be developed and members loans interest rate will be reduced.

3) In our State some village PACCS are financially very weak, so Govt. should try to merge these PACCS and establish a financially strong KSSS for a particular groups of villages. By this the financial position of these societies will be developed.

4) KSSSs give loans to farmers on the mortgage of land. Some time the farmer sell the land without loan repayment. So it creates loan recovery problem to KSSS. For avoiding this practice Govt. should make amendment in state Co-operative Act in this relation.

5) Government should not adopt loan freezing policy in future, due to this policy overdues tendency increase day by day and economically good members are also not repaying the loans of KSSSs. In privatization period this policy is not disarable. Govt. should appoint special recovery officer for overdues recovery.

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6) Government should take initiative for establishing state level association of KSSSs, due to this KSSS separate entity will understand to people.

7) Audit programme should be arranged regularly and there should not be a gap, for better control by the Co-operative department. 

Sponsoring Bank.

8) Banks should sanction loans to these KSSSs within a short and proper time.

9) Bank provides lumpsum loan amount to KSSSs and KSSSs are distributing this amount to members as loans. Loan recovery and other responsibility about loans taken by the KSSS. The KSSSs are working as a middleman in Bank and members so Bank must bear some administrative and loan recovery expenses of KSSSs and give this amount to KSSSs so KSSSs will be economically strong. Maximum business of sponsoring bank in operating area depends on KSSSs.

10) Sponsoring Bank should not provide direct loans to members in operating area, otherwise these societies will suffer from overdues.

11) Bank should try to adopt new loans scheme for the rural farmers development e.g. Loans to farmhouse construction and loans for other activities of rural area.

12) Establish proper co-ordination between society and Bank and helps to KSSS for recovery of loans.

Management of KSSSs.

13) Management of KSSSs efficiently and honestly try to recover the overdues loans of KSSSs, by this overdue problem will be reduced.

14) KSSSs should collect deposits from members and public for increasing fund for sound financial position.
15) KSSSs should continue profitable multi-purpose services and try to develop the uneconomical services for increasing income.

16) Management of KSSSs try to minimise the administrative and other expenses for increasing income. Try to increase members of KSSSs for collecting capital for sound financial position.

17) Those KSSSs are in profit that should try to pay dividend to members as a financial incentives, so members attitude will be changed.

18) Management of KSSSs should take care of staff welfare. Those societies earn good profit income, they must pay good salary to staff and other service facilities should be given to staff. Due to financial incentives staff efficiency will be increased and that will be benefited to the society. Provides loans to their servant for their personal developments and there will not be a problem of recovery because the salary of servant is in the hands of KSSSs.

19) Management of Renuka and Vasishty KSSSs try to increase their financial performance for continuing the working of KSSSs.

Members.

20) Members must utilise the loan amount for proper reasons and avoid misuse of loans, due to this practice their income range will be increased.

21) Members must repay the loans of KSSSs regularly for avoiding overdues problems and give proper co-operation to the society for the development.

22) Members should not give response for dissolution of KSSSs and establishing new PACCS in operating area, because KSSS working is better than the PACCS.

23) Members should use their Annual General Meeting right for proper control on Management.

From the analysis of present study, the above suggestions are made in relation to four component of KSSSs for their sound development.