CHAPTER SIX
CONCLUSIONS
SOME OF THE IMPORTANT CONCLUSIONS of the study of cooperative banking in Punjab made in the foregoing pages are enumerated below:

1. Cooperative banking in the context of the rural and predominantly agricultural and small-scale industrial economy of Punjab can play a vital role as an instrument of development.

2. The role of cooperative banking becomes more significant in view of the slow and inadequate development of banking and the concentration of commercial banks in urban areas.

3. The higher growth-potential in the economy of Punjab needs enhanced mobilisation and allocation of financial resources on a wider scale.

4. With higher per capita income, Punjab has a higher savings-potential which can be easily and adequately exploited by the widely scattered units of cooperative banking.

5. In consonance with the nature of the economy of Punjab, cooperative banking, during its early stages of development, was also rural in character with 98 per cent of the credit cooperatives being rural.

6. During the early stages of growth, two distinct tendencies of "communal base" and "deposit banking" were visible.
7. Jullundur was the pioneer in the field of central financing agencies. These institutions were engaged in the practice of inter-lending. The Apex bank was, therefore, established and entrusted with the task of controlling and regulating the ever-expanding inter-lending.

8. The partition of Punjab in 1947 gave a severe jolt to the entire cooperative credit structure. It was only during the Planning era that intensive efforts were made for the reorganisation and development of cooperative banking in the state. This resulted in wider extension of cooperative banking. However, the distribution of development remained uneven.

9. Cooperative banking was subject to dual control of the RBI and the Registrar. The control of the RBI was promotional, regulatory, inspectional and advisory while that of the Registrar was of guidance and supervision.

10. Federalisation and deofficialisation were the important tendencies visible during the Planning era. There was emphasis on branch expansion also by the central cooperative banks, but the management of these banks remained prototype.

11. The primary credit cooperatives were of comparatively small size with a small membership and smaller area of operation.
The operational study reveals a considerable progress of the resources of cooperative banking, with dominance of loans in the resource structure. The RBI was the main source of finance.

13. There was state participation in share capital at all levels. However, it is important to note that the state government was a partner in the share capital of the Punjab State Cooperative Bank even before the recommendations of the All-India Rural Credit Survey.

14. The volume of loans advanced, outstanding and overdues increased. Short-term agricultural purpose loans took a higher proportion.

15. There was a rise in both the borrowing and lending rates. In general,

16. The operational efficiency at different levels of the cooperative credit structure showed signs of improvement.

17. In relation to other states, the extent of expansion of cooperative banking in Punjab was not comparable and the qualitative aspect of its development deficient. The size of primary credit cooperatives was smaller and their working capital lower. Comparatively, non-agricultural credit cooperatives may be termed as backward.

18. The management, though democratic in nature, was powerfully influenced by the governmental machinery.
At the primary level, the secretary-problem was acute because of the non-availability of suitable persons and unattractive emoluments.

19. The resource-pattern was similar to that of other states. Loans were larger than own funds and deposits. Mobilisation of savings was not vigorous at the primary level. The position of cooperative banking in loans advanced was average but in case of non-agricultural credit cooperatives, it was below average. So was the case with loans outstanding and overdues. Non-agricultural credit cooperatives showed a higher proportion of overdues.

20. The investment pattern of the cooperative banking in Punjab compared well with that of other states.

21. The borrowing rates of the Punjab State Cooperative Bank were found comparable to that of its counterparts in the country. However, its lending rates were lower. At the central and primary levels, both the borrowing and lending rates were higher.

22. The operational efficiency of cooperative banking in Punjab was better.

23. Loans were not properly utilised. Often they were used for non-productive purposes. There was no
supervision machinery to ensure their proper utilisation. The recovery problem was also acute. The direction of cooperative finance was towards big persons. Rural indebtedness to the private agency existed and rates of interest charged by such agency were higher.

With vigorous resource-mobilisation, rational allocation of resources, effective supervision and efficient administration by competent and trained personnel, and constant and sincere attempts in finding out solutions to important operational issues, cooperative banking can be geared to the socio-economic betterment of Punjab and to meet the tasks which await it.