CHAPTER VI
SUMMARY OF FINDINGS AND CONCLUSION

6.1 INTRODUCTION

In developing countries, most of the agriculturists leave farming and take up wide range of employment in NFS activities. Further, the people who are undertaking agriculture carry on NFS activities to supplement their income. NFS consists of heterogenous activities, which have the potential to absorb the excessive or discarded work force in rural areas. The spread of NFS depend upon the livelihood of the community. It harvests the locally available resources to generate employment and income to the people. Further, it reduces the migration of rural people to urban areas and reduces the pressure of population on agriculture.

Tamil Nadu is industrially well developed with large number of small and tiny industries apart from other major industries. Erode district is also developing in the lines of industrial development of Tamil Nadu. The scope for developing NFS is wider in this district and clubbed with all Government schemes and programmes. PCARDBs have utilized the business opportunities in NFS and pumped money based on the norms of NABARD, which have helped to boost NFS in this District. This chapter presents the salient findings of the present study, conclusion and suggestions. The scope for further research is
also identified for the benefit of future research. The major findings are as under:

* In Erode District, there are 13,858 SSI units in Erode district. Among the total SSI units, 3847 are food processing; 2321 are engineering units; 1389 are textile units; 601 are forest based; 119 chemicals based; 59 are plastic and rubber related units; 21 are electrical electronic units and rest of the units are miscellaneous.

* The ratio of work force between farm and non farm sector was 1.8:1 as there were 924000 workers in the farm sector and 511000 workers in the non farm sector in Erode District.

* There has been an increasing trend in the growth of ‘membership in all the four banks during the study period. All PCARBDs covered in the study have surpassed the average level by 5469, 4526, 4349 and 4450 members respectively.

* The trend coefficient of membership was found to be statistically significant at 5 per cent level in all the banks. The highest trend value was found in Bhavani PCARDB with 88.254 growth and least trend was observed in Erode bank with 30.963.
* There has been an increasing trend in the growth of share capital of the PCARDBs over the years. The value of coefficient of variation indicates that the paid-up share capital of PCARDB in Perundurai bank was relatively stable over a period of 10 years compared to paid up capital in other banks.

* The trend coefficients of paid up capital in all banks were statistically significant and positive. The highest trend was observed in Bhavani (5.56) followed by Kangayam (4.06) during the period under study.

* Among all the four banks the working capital have a decreasing trend during the study period. The value of coefficient of variation indicates that the working capital of PCARDB in Kangayam bank was relatively more consistent over a period of 10 years compared to the working capital in other banks.

* Trend coefficients of borrowings were found negative in all banks and significant except Bhavani PCARDB. Among the significant trend values, the highest trend value was found in Erode bank (-41.903) followed by Kangayam (-30.165) and Perundurai (-21.197).

* Of the four banks only Bhavani PCARDB (Rs.27.69 lakhs), have more than average level of investments. The calculated value of coefficient of variation indicates that more stability in investment was found in Erode PCARDB compared to other PCARDBs in Erode district.
* The trend coefficients of investment made by PCARDBs were found to be significant at 5 per cent level in all the banks. The maximum trend coefficient value was observed in Bhavani PCARDB (3.15 per cent) and minimum was found in Perundurai PCARDB (0.51 per cent).

* The average repayment made by the Kangayam PCARDB is Rs.181.82 lakhs. It was followed by Bhavani, Perundurai and Erode PCARDBs which constitute Rs.161.67 lakhs, Rs.103.98 lakhs and Rs.75.99 lakhs respectively.

* Regarding the stability of repayment over a period under study, a stable in repayment performance was found in Kangayam PCARDB compared to other banks. A high fluctuation was observed in Erode bank for repayment over the study period.

* The trend coefficients of repayment made by PCARDBs were found to be significant at 5 per cent level in all the four banks. The maximum trend coefficient value was observed in Bhavani PCARDB (28.53 per cent) and minimum was in Perundurai PCARDB (3.30 per cent).

* Bhavani PCARDB has incurred severe loss during the study period. In Erode PCARDB, the trend of profitability has been heavily fluctuating between the years 1999-2000 and 2001-02, these banks earned profits.

* The profitability of Perundurai PCARDB was appreciable in all the years except the year 2003-04. At the end of the study period, all the banks
earned profits except Bhavani PCARDB due to the waiver announcement by the Government of Tamil Nadu.

**6.2 OPERATIONAL FEATURES OF PCARDBS IN ERODE DISTRICT**

* From the year 2003-04 onwards, the achievement in respect of lending showed a declining trend and was much lesser than target.

* With regard to the lending targets, the trend coefficient of target was statistically significant and it was positive with growth rate of 6.883 per cent. But, in the case of achievement, the trend and growth rate were found to be negative and they were insignificant.

* In the case of NFS loans, the achievements are more than loan targets upto the year 1999-2000, after that during the year 2003-04, with the introduction of new provisioning norms there was a drastic downfall in achievements of the PCARDBs studied.

* In the case loan targets and achievements of PCARDBs in Erode District, the trend coefficient of loan target was statistically significant and it was positive with growth rate of 6.883 per cent. But, in the case of achievement, the trend and growth rate were found to be negative and they were insignificant.

* The average amount of loans issued by the Kangayam PCARDB was Rs.107.29 lakhs during the study period and it was followed by Bhavani,
Perundurai and Erode PCARDBs which constitute Rs.104.75 lakhs, 62.78 lakhs and Rs.52.02 lakhs respectively.

* Out of the four banks, the trend coefficient of loan issue was found positive and significant only in Bhavani PCARDB. The growth of loan issue was found to be negligible in Bhavani and all other banks have a negative growth.

* There has been wide fluctuations in the demand, collection and outstanding of loans of the PCARDBs in Erode District.

* The trend coefficients of demand, collection and outstanding were found to be significant. The rate of growth of the outstanding was found high during the period under study and it was followed by the demand (18.95 per cent).

6.3 IMPACT OF NON-FARM SECTOR ADVANCES OF PCARDBs ON THEIR MEMBERS

* It was found that majority 67.15 percent of the borrowers were in the age group of 30-40 years.

* Majority 79.56 per cent of the borrowers was male and the remaining 28 per cent of them were female borrowers.
* Majority 78.10 per cent of the borrowers were married whereas 8.76 percent of them were unmarried and the rest of them were widowed and divorced.

* It was found that 43.8 percent of the borrowers had completed higher secondary education and 35.76 percent of them obtained high school education.

* Majority of the borrowers, 76.64 per cent, had followed nuclear family system.

* Most of the borrowers, 56.93 percent had a family size of below 3 members.

* It was observed that 44.52 percent of the borrowers were sole traders and 24.62 percent of them were small entrepreneurs.

* 37.23 percent of the borrowers had an annual income ranging between Rs.80000 and Rs.1 lakh and only 20 percent of them had earned an income over Rs.1 lakh.

* 55.5 percent of borrowers were involved in industrial activities and 26.3 percent of them were engaged in service sector.
* It was found that the value of the immovable property had increased in all the asset groups during the post borrowing period than in the pre borrowing period.

* The variance for the electronic appliances had shown an increase of 52.56 percentage and the animal assets had also recorded increase during the post borrowing period.

* In general, the asset position of the borrowers had increased after they borrowed loan from PCARDBs and indulged in NFS activities.

* Majority of the borrowers, 76.19 percent, had their savings as post office deposits. 28 percent had bank deposits, 13.33 had investments in gold and 14.47 percent had their savings in local chit funds.

* Availability of raw materials (22.6 percent), promoting family business (10.9), availability of finance (13.2) and marketability (13.1 percent) were the various reasons for starting the NFS activities by the borrowers of PCARDBs in Erode District.

* The highest average man days of employment generation was found among the income groups ranging from Rs. 2000 to Rs. 3000 followed by the income group of Rs. 5000 and above.
* Employment generation of hired was found to vary between 230 man-days and 320 man-days.

* The amount of loan received and annual family income have a positive effect on the repayment amount of loan.

* The discriminant analysis revealed that the level of education (X₃), annual per capital family consumption expenditure (X₅), own funds (X₇) and total annual family income (X₉) of defaulted borrowers were significantly different from non-defaulter borrowers. The defaulters’ characteristics of Bhavani PCARDB did not resemble with the characteristics non-defaulters’.

* In PCARBDBs of Erode district, ‘Loan processing’ was found to be the first ranking problem faced by the borrowers in getting non-farm sector. The other problems faced by the borrowers such as, ‘Loan application’, ‘Sanction of loan’, ‘Disbursement of loan amount’, ‘Processing charges and other facilities’ and ‘Rate of interest in comparison with other banks’ were the second, third, fourth, fifth and sixth ranking problem respectively.
6.4 RESULTS OF HYPOTHESIS TESTING

* Paired ‘t’ test results showed that there was significance difference between mean income prior to undertaking NFS activities and mean income after undertaking NFS activities.

* There was significant difference between mean assets prior to undertaking NFS activities and mean assets after undertaking NFS activities.

* The regression model is found to be significant at one per cent level and the loan amount received has significant effect on the loan amount repaid.

6.5 CONCLUSION

PCARDBs occupy a pivotal position in the long term cooperative credit structure for dispensing credit for investment in agriculture and NFS. These banks have contributed much towards the development of NFS activities in Erode District, as they have found NFS to be an area for their investment and they have helped the rural people by generating employment opportunities by financing NFS activities. The SCARDB in Tamil Nadu and other states also lost autonomy and independence due to supersession of elected boards and absence of elections.
The income from NFS activities financed by PCARDBs contributed much towards the total income of the respondents. The facilitating atmosphere was not created for the recovery of loans by PCARDBs. The State Government, in many cases, announced waiver of interest on loans and even principal amount of loans. This has resulted in the change of minds of the borrower lending to the repayment of loans willfully. These trends have affected the business of sample PCARDBs also. For example majority of PCARDBs in Tamilnadu, including sample banks, had not issued both farm or non-farm loans since 2007-08. Only in some banks jewel mortgage loans were issued. If the primary function of the PCARDBs were paralyzed, how they could function? But the emergence of NFS as absorber of excessive workforce in rural areas provided ample scope for expansion of business of PCARDBs.