Chapter - VII

RECOMMENDATIONS AND SCOPE FOR FURTHER STUDY

7.1 RECOMMENDATIONS OF THE STUDY

 Integrated farm and non farm development

It would be more appropriate to introduce an integrated farm and non-farm sectors development planning approach together with developing a common nature of basic necessities and infrastructure facilities promoting development of both the sectors simultaneously. In short, the suggested approach calls for, firstly the identification of various potentially viable non-farm activities and diversification of different components of farm sector in different geographical locations of Erode District.

 Borrowers’ Friendly loaning Policies and Procedures.

When new generation banks were ready to offer the services at the door steps of borrowers itself PCARDBs should also modify the policies and procedures so as to reduce the time and the transaction costs involved. During the field study it was found that policies and procedures followed by the PCARDBs for lending to NFS has been perceived as ‘cumbersome’ by the members as well as employees.
because, these policies and procedures increased the transaction cost at borrowers’ level and consumed time.

**Promotion of SHG among non-farm households**

The emergence of Self Help Groups (SHGs) had proved that the PCARDBs could harvest the advantages of micro credit systems by bringing suitable modifications in their legal framework. In majority of the cases, the members of SHGs had already generated employment opportunities in NFS. Successful models of SHGs could be emulated and business linkages could be developed.

**Mapping of potential Borrowers**

There is a need for a pro-active role by Government agencies like the DIC, Cooperative and commercial banks and involvement of NGOs in mapping of potential, identifying borrowers, imparting required entrepreneurial skills and providing enabling environment for Non Farm Sector in the district. The government departments may ensure the provision of adequate infrastructure in terms of power supply, water, etc., PCARDBs should ensure that the applicant borrowers had undergone training in specific area and gained adequate exposure to the field of their activities. For this purpose, PCARDBs can enlist the
support of trade associations, entrepreneurial associations, DIC, TIIC, and other training institutions. Training in appropriate technology will not only enhance the skill of the borrowers but also increase their morale to utilize as well as repay the loan promptly.

**Strengthening Pre-sanction Appraisal**

Pre-disbursement stage appraisal techniques of bank need to be sharpened. All technical, economic, commercial, organizational and financial aspects of the project need to be appraised realistically. A major cause for overdue is fixation of unrealistic repayment schedule. It may be fixed by taking into account the gestation or moratorium period, income generation, surplus available etc. If the repayment schedule is defective both with reference to quantum of installment and period of recovery assets have a tendency to become overdue. Further SCARDBs should set up an economic research wing at their Head Office at the district level, which should provide a data on various types of farm and non-farm activities and rural industries etc., required for proper appraisal of the projects.

**Post Sanction Supervision**

At the post disbursement stage, PCARDBs should ensure proper follow up and supervision to ensure both asset creation and asset
utilization. Bankers can do either off-site surveillance or on-site inspection to improve the recovery performance.

**Recovery cell**

SCARDBs should set up independent recovery and legal cell at their branch in each district manned by well-qualified and competent Law Officers with adequate supporting staff for effective monitoring of recovery of accounts.

**Incentives for honest repayment**

Incentives can be given to honest repayers to create a better climate for repayment. The possibility of honoring best loanees and best employees during cooperative weak celebrations can be chalked out.

**Management Information System**

Steps have to be taken for computerization of all SCARDBs and PCARDBs within the district that are connected to the apex level organizations. It is easy to monitoring of loan accounts effectively and efficiently.
7.2 SCOPE FOR FURTHER RESEARCH

1. A comparative study on the role of PCARDBs in employment generation in farm and non-farm sectors.

2. A comparative study on the role of Rural Financial Institutions in the promotion of NFS.

3. A Study on Asset Liability Management in PCARDBs


5. A Study on the comparision of Farm and Non Farm Sector loans by the Borrowers

6. A study on the income and investment pattern of NFS loan beneficiaries.


8. A study on the role of PCARDBs in the promotion of NFS among weaker sections.

9. A study on the role of SHGs in the promotion of RNFS and employment generation among rural women.

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