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CHAPTER VII

CONCLUSIONS AND SUGGESTIONS

CONCLUSIONS

7.1. INTRODUCTION

The objective of this chapter is to present briefly the conclusions and suggestions arrived at after the analysis of the data collected for this study. The present study attempted to evaluate the role of Ratnagiri District Central Co-operative Bank in the Development of Co-operative Movement in Ratnagiri District. To fulfill this objective, the study made use of both primary and secondary data. The secondary data was collected from relevant Records, Acts, Annual Reports and other Publications of the RDCC Bank. The information regarding the co-operative sector of the district is also collected from District Statistical Department, Ratnagiri, District Co-operative Board, Ratnagiri, District Deputy Registrar of Co-operative Societies, Ratnagiri. For the primary data collection; personal discussions were held with the concern officials and non-officials to gather more information. The data drawn from these sources were tabulated, synthesized and analyzed with the help of percentages and averages. In addition, suitable statistical tools and techniques such as annual growth rate, graphs and trend lines were used at appropriate contexts.
7.2. CO-OPERATIVE MOVEMENT- A REVIEW

Co-operation is not in any way new to India. It has a fairly century long history in India. However, the passage of the Co-operative Societies Act in 1904 was the first milestone in the movement. The Act of 1919 gave great stimulus to the movement. Though, quantitatively, the co-operative movement made some progress during pre-Independent era, qualitatively it suffered from certain intrinsic as well as extrinsic factors. In post-Independent era, co-operation has been assigned a notable role in bringing socio-economic transformation through the process of democratic planning with accent on assisting the weaker sections in rural areas. A salient feature of the Indian co-operative movement is that it has not only numerically expanded but also continuously diversified its activities over the years, leaving no sector of economy untouched. But, despite its ambitious plans and diverse development, the co-operative sector has faced numerous problems which have checked its optimum growth.

Though Co-operation is a State subject under the constitution of India, the Central Government guides, assists and co-ordinates the movement in the states.

7.3. CO-OPERATIVE CREDIT STRUCTURE IN MAHARASHTRA

The Maharashtra state has got a rich background of co-operative movement. It has a Three-tier Co-operative Credit Structure for short-term credit, namely, the Maharashtra State Co-operative Bank (MSCB) at the top, 34 DCC Banks at the middle and 21000 PACS at the lower level. There is Two-tier Co-operative Credit Structure for Long-term credit, namely,
Maharashtra State Central Land Development Bank at state level and Primary Land Development Banks at district level.

7.4. THE PROFILE OF RATNAGIRI DISTRICT

The profile of study area shows that the Ratnagiri District is hilly area having maximum (150 inches) rainfall. However, there is scarcity of water in the summer season for both drinking and agriculture purposes as there are very few minor irrigation projects. The main crops of the district are paddy and Nagali. The district is famous for horticulture i.e. production of world famous alphonso, coconut and some spices etc. However, the irrigated area in the district is very limited i.e. 1.43% of the cultivated area of the district is irrigated. Kharip crop is the major crop of the district. The fertility of the soil is poor as compared with the soil in the rest of the Maharashtra. The study of population shows that there are 1205 females for per 1000 males. This is higher than that of the State sex-ratio of 922. The excessive trend of sex-ratio shows that the male work force has migrated for employment in nearby district especially in Mumbai.

The district has all types of co-operative societies. The total number of all types of co-operatives as on 31st March, 2005 was 1970. Out of them 374 (19%) were agricultural credit co-operatives.

The district is having 208 milk co-operative societies and 84 fisheries co-operative societies. The district co-operative board and deputy registrar, co-operative societies are looking after these activities of co-operative development in the district. There are two Sugar mills in the district, but sick.
7.5. ORGANIZATIONAL STRUCTURE OF THE RDCC BANK

The Ratnagiri District Central Co-operative Bank Ltd., Ratnagiri (RDCC Bank) was established on 1st July 1983. It provides credit for rural developmental activities though the Primary Agricultural Credit Co-operative Societies (PACS) in its area of operation.

The organizational structure of RDCC Bank consists of two wings - Deliberative and Executive. They are two organically linked wings - one providing democratic structure while the other consisting of bureaucratic element.

The Deliberative Wing provides for two sets of organs at the top policy making level, i.e., the General Body and the Board of Directors. The General Body is the ultimate authority in all matters relating to the policy and administration of the Bank. It consists of the representatives of the affiliated PACS, Co-operative marketing and the miscellaneous societies and the State Government. A study of the organizational pattern of RDCC Bank reveals that during all the years there were regular General Body meetings according to Bye-laws of the Bank. However, the percentage of participation was low and of declining trend.

As the General Body is large sized, the day-to-day administration of the Bank is entrusted to the Board of Directors. It acts as a sub-policy-making organ, deriving its powers from the General Body. It serves as a link between the members of the General Body and the executive limb of the Bank. The present Board of the Bank is a curious mixture of both the elected and nominated members. It consists of 30 Directors, out of which 28 were elected from the PACS and two nominated by the State Government.
A study of the composition of the elected members of the Board shows that it is the mixture of all political parties with majority of Rastravadi Congress Party (15 Members out of 28 members). The socio-economic background of the elected Directors indicates that a majority of them were old-aged and chosen from the forward castes. No one member is there from the SC/ST category. Categorization of the Board of Directors by education shows that there was no illiterate member on the Board. More than 67 per cent of them were agriculturists and businessmen, thereby, ventilating the rural character of the district. On an average, a meeting was held for every 28 days as against the required frequency of once in a month under the Bye-laws of the Bank. The participation of the Directors in the Board meetings varied in between 60 per cent to 85 per cent which is satisfactory. The Directors rarely come prepared to the meetings though the agenda is sent to them well in advance. All the relevant files and records are not kept ready for verification at the Board meetings.

The Chairman of the DCC Bank occupies a very crucial and significant place in the co-operative structure at the district level. He presides over the meetings of the General Body and the Board of Directors. He exercises general control and supervision over all the affairs of the Bank and the work of its officers. During the study period, from 1st July 1983 to 30th December 1985 there were ‘Administrator’ and ‘Interim Administrative Committee’ appointed by the Government. Then after, from 31st December 1985 and onward there were four non-official Chairmen and they were all elected. All the four Chairmen carried out work of the Bank efficiently.
The Executive Wing consists of a General Manager/Manager and other supporting staff. According to the provision made in Section IX of the Bye-laws of the Bank; the Board of Directors appoints the General Manager/Manager and his appointment shall be subject to the approval of the MSCB. Appeals in the matter of appointment of General Manager/Manager by or against the Bank shall lie with the Registrar. The decision of the Registrar shall be the final. In Ratnagiri DCC Bank, Manager is the Chief of the Executive Wing and consists of Manager and other supporting staff. The Manager assists, advises and guides the Board. The Manager is assisted in his task by Assistant Managers and other supporting staff. The staffing pattern in the Bank is based on the guidelines recommended by the Reserve Bank of India and the Registrar of Co-operative Societies. Keeping in view the economic conditions of the Bank and its performance, the strength of the staff under each category has been fixed by the Registrar of Co-operative Societies.

In the execution work, the Manager is being assisted by five Assistant Managers and 9 supporting staff at the Head Office. Thus, there are 15 officers in the Head Office. Out of these 15 officers, 5 are Assistant Managers, 4 are First Grade Officers and 5 are Third Grade Officers. In the field work; there are 3 Divisional Offices, 9 Inspector’s Offices. Thus, at present the RDCC Bank is carrying its business with 634 staff members in 68 Branches and 7 Extension Counters in 9 talukas of the district.

7.6. FINANCIAL PERFORMANCE OF RDCC BANK

The RDCC Bank performs a variety of commercial and other functions related to rural development in general and agricultural development in
particular. Bearing in mind the functions assigned to the Bank, an attempt has been made to evaluate the performance of the RDCC Bank in terms of membership, branch expansion, capital structure deposit mobilization, borrowings, working capital, loan advances, recovery rate and financial performance for a period of 22 years i.e., from 1983-84 to 2004-05.

The members are the pillars on which co-operative movement rests. The year wise growth of membership shows the membership of co-operative societies, individual members and State Government. The annual growth rate in total membership varies in between from 0.66 per cent to 18.10 per cent. During the same period membership of co-operatives increased by 2.31 times and the annual growth rate varies in between 1.30 per cent to 15.51 per cent. The RDCC Bank is also having an individual membership but since last seven years the membership has remained constant. Though the Bank continued membership of State Government for 18 years; it was absent from the year 2001-02. Thus, the growth rate shows the mixed trend of growth in membership. Every registered co-operative society in the district has accepted the membership of the Bank. Hence, this shows that the co-operative societies have realized the significance and adopted the leadership of RDCC Bank.

Branch expansion is the most important instrument for deposit mobilization for any bank. There were 43 branches in 1983-84 which were increased to 68 by 2004-05, showing an overall growth of 58.14 per cent. Branch expansion policy of the Bank is produce and scope of banking business based. However, the Bank was working with its 68 branches and 7 extension counters in nine talukas comprising 1539 villages and serving
1696777 population with 1970 all types of co-operative societies. Per branch population served by the RDCC Bank was of 24952.

7.6.1. FUNDS

The capital structure consists of Owned Funds and Borrowed Funds. The owned funds consist of Share Capital and Reserve and other Funds. Unlike the reserve funds which have to be created out of profits, the Share Capital is related to loans. The share capital constitutes the major source of no-cost funds and the co-operative bank would be in a comfortable position to earn reasonable profits and become self-sufficient. The share capital is raised from two sources i.e. societies and the State Government and individual members.

OWNED FUNDS

The Owned Funds of the RDCC Bank increased from Rs. 199.39 lakhs to Rs. 5591.37 lakhs in 2004-05. It shows positive growth. The percentage share of Share Capital to the owned funds increased from 29.47 per cent to 31.84 per cent whereas the proportion of Reserve funds to owned funds declined from 70.53 per cent to 68.16 per cent during the study period. But the share of reserve funds has remained dominant in the owned fund during the study period.

It is also observed that during the period of 16 years from 1985-86 to 2002-03 share capital and reserve funds were changed in opposite directions.

(1) Share Capital

The paid up share capital is the real indicator of growth of the bank. It forms an integral part of owned funds. It is the basis for the volume of business and guiding principle to borrow funds. The share capital contributes
the major part of the owned funds. The share capital of RDCC Bank increased from Rs. 58.77 lakhs in 1983-84 to Rs. 1780.25 lakhs in 2004-05. The share capital noticed a positive growth during the study period due to increase in loan amount taken by the co-operative societies.

(2) Reserve Funds

The total amount of various types of funds of the Bank has shown an increasing trend. The Bank has created reserve funds, building funds, bad and doubtful debt reserve fund and investment depreciation funds. It has created other funds, such as credit stabilization funds for agriculture and fisheries. The other funds such as special bad debt reserve (Risk), dividend equalization, Government share capital redemption and gold and silver ornaments risk fund. The Bank has taken the note of risk funds for consumption, reserve for artisan credit guarantee, contingent provisions for standard assets, medical help fund etc. The reserve fund increased strikingly from Rs. 140.62 lakhs in 1983-84 to Rs. 3811.12 lakhs by 2004-05. The figure of annual growth rate of the total funds shows up and downs and fluctuated in between 2.39 per cent to 41.64 per cent. It is discouraging to note that accumulated losses had eroded the net profits leading to non-allocation of profits to reserve fund. The up and downs in the loan disbursement and the amount of gross profit caused the fluctuations in the annual growth rate. The special feature of the RDCC Bank is that the Bank has not only generated agricultural credit stabilization fund but it has created fisheries stabilization fund. This shows that, as it is a coastal area Bank, it is aware of the natural factors responsible for agriculture as well as fisheries. The annual growth rate for the year 1999-2000 was lowest (2.39 per cent) but thereafter it increased
very fast. In case of bad debt reserves which were Rs. 65.00 lakhs in 1983-84 raised to Rs. 430.02 lakhs by 2003-04. The annual growth rate fluctuated in between zero per cent to 40.94 per cent except 2003-04. It is because of there was no any provision in 2004-05 for it.

**BORROWED FUNDS**

Borrowed funds consist of Deposits and Borrowings. The borrowings from agencies such as loans from State Co-operative Banks, Reserve Bank of India, NABARD, Commercial Banks and Other Financing Agencies constitute an important source of working capital of the DCC Banks. DCC Banks are eligible to borrow from the NABARD through State Co-operative Bank for meeting the funds required for lending. At the same time banks can avail borrowings from State Government for various schemes. Further, State Bank of India or any National Bank can grant overdraft facilities against Government and trustee securities for day-to-day business. The question of borrowing crop up when, the resources of DCC Banks are inadequate for lending purposes. These borrowings are by way of re-finance i.e. against the advances already made by the co-operative societies for various purposes and for various durations.

(1) Deposit Mobilization

Deposits are one of the important sources of working capital of a DCC Bank. Mobilization of deposits forms an integral part of financial planning. Increased deposits will enable the bank to reduce its dependence on external borrowings. The importance of deposit mobilization for a bank needs a great emphasis because of the size of the deposits decides the lending activities of a bank. The mobilization of deposits is essential for the development of
business and for meeting the financial requirement of PACS. DCC Banks mobilize various kinds of deposits from the members and non-members in the district. In mobilization of deposits, it becomes necessary for these banks to compete with commercial banks. So, the DCC Banks are offering half a per cent higher interest on various kinds of deposits, which is also permitted by the RBI. Generally, the depositors particularly, with low income groups are attracted to the higher rates. The guarantee from the State Government on fixed deposits for over three years of duration is given to the depositors. Moreover, on each deposit up to Rs. 30,000 deposit insurance coverage provided by deposit insurance and Credit Guarantee Corporation of India (CGCI) is also available. Hence, RDCC Bank has no problems in mobilizing various types of deposits. Even the general public is also saving with this bank.

The deposits accepted by the RDCC Bank can be divided mainly into Fixed deposits (Term & Dhanvardhini), Current deposits, saving deposits and other/ Miscellaneous deposits.

The total deposits in 1983-84 were Rs. 1661.65 lakhs and by 2004-05 increased up to Rs. 43840.27 lakhs indicated positive growth during the study period. There were year to year variations and fluctuations in the shares of all the four types of deposits due to fluctuations in rainfall and demand for crop-loans. The percentage share of Fixed deposits in the total deposits was in between 36.56 per cent to 53.22 per cent, that of in case of Saving deposits was ranged in between 28.03 per cent to 45.36 per cent, in case of Current deposits it was in between 10.50 per cent to 18.56 per cent while that of for other deposits varied in between 4.49 per cent to 9.22 per cent. It shows that
fixed deposits occupied the prime place in mobilizing the funds followed by savings, current and other deposits respectively.

(2) Owned Funds, Borrowings and Working Capital

When the internal resources of a DCC Bank are not sufficient to meet its credit requirements, it becomes a normal practice of the bank to borrow from external sources. The volume of borrowings depends upon the magnitude of the bank’s own funds.

In the composition of owned funds, borrowings and working capital; both owned funds and borrowed funds increased positively which resulted in increased working capital. The total working capital rose from Rs. 1861.04 lakhs in 1983-84 to Rs. 49472.32 lakhs by 2004-05. The annual growth rate of working capital ranged in between 3.94 per cent to 43.69 per cent and it has decreasing trend which indicates that the Bank is heavily depended on the borrowings which is not a healthy sign of financial performance. Because of heavy dependence on borrowings there was increase in overdues against borrowings.

7.7. LENDING PROCESS

In the process of lending, under the federal structure of co-operative rural credit system, the policies and procedures for lending are framed by the RBI and NABARD. Under the directions given by the RBI and NABARD; DCC Banks structure out their own policies. They fix scale of finance according to developmental requirements within the district.

RDCC Bank, through various sectors like agriculture, industry, processing, gardening, plantation, animal husbandry, fisheries, artisans, housing and employees provides credit up to the weaker sections of the
society. It has participated actively with action plan in the various schemes and programmes introduced by the Government, RBI and NABARD.

7.8. LOAN DISBURSEMENT

The loans disbursed by RDCC Bank for rural development activities may be classified broadly into two types viz., agricultural loans and non-agricultural loans. The agricultural loans are again divided into production credit and investment credit. The short-term credit and medium-term credit are included in production credit while the investment credit includes long-term loans. The non-agricultural loans are extended to the non-agricultural co-operative societies, marketing societies, fisheries co-operatives, weavers’ co-operatives, working capital of co-operative sugar factories, gold loans and loans on fixed deposits, etc.

7.9. RECOVERY PERFORMANCE

For any credit society, repayment of credit is important. However, the recovery performance of RDCC Bank shows that the percentage of recovery was varying in between 62.83 per cent to 87.35 per cent whereas the percentage of overdues to outstanding was varying in between 9.45 per cent to 42.66 per cent during the study period. The trend in loan recovery shows that the Bank was trying at its efficient level.

7.10. AGRICULTURAL CREDIT

In regard of agricultural credit, the percentage of ST loans recovered by the Bank varied in between 63.35 per cent to 87.70 per cent and the percentage of MT loans recovered by the Bank varied in between 23.50 per cent to 51.08 per cent indicating the recovery of ST loans was better than that of MT loans. In result, the overall recovery percentage of total of both the
loans (agricultural credit) was varied in between 58.88 per cent to 82.08 per cent during the study period.

7.11. NON-AGRICULTURAL CREDIT

Total non-agricultural credit disbursed was Rs. 9472.43 lakhs indicating 95.16 per cent share in the total disbursement in 1994-95. The percentage share ranged in between 84.49 per cent to 97.00 per cent during 1994 to 2004-05. It is comparatively high to agricultural credit because of hilly and coastal region there is less scope to the agricultural sector. The recovery trend shows that the recovery efforts were positively increasing with the increase in loan transactions.

7.12. INVESTMEN CREDIT

The investment credit (LT credit) extended by the RDCC Bank included the credit given by agricultural and non-agricultural co-operatives, weavers' co-operatives, housing co-operatives, fisheries co-operatives, etc, and other machinery, land reclamation, poultry and other diversified works. There were wide variations in the percentage of recovery to amount due for recovery of the Bank. In case of co-operatives, percentage of recovery ranged in between 0.95 per cent to 8.00 per cent except two years. In 2001-02 and 2002-03 percentages of recovery were 44.81 per cent and 71.6 per cent respectively. Recovery percentage, in case of individual credit, ranged in between 16.44 per cent to 87.26 per cent over the period. It shows that the investment recovery is better in case of individual long term loans comparatively that of co-operatives.
7.13. INVESTMENTS OF RDCC BANK

The bank has made investments in MSCB, other banks, shares and in Government and semi-Government. The total amount of investment was continuously increased except the years 1996-97 and 1999-2000. But the annual growth rate of total investment was fluctuated in between 125.17% (1997-98) and -29.94% (1996-97).

7.14. GOLD LOANS

Gold loan is easy to finance as well as easy to recover because banks are keeping about 40% of the margin between the total amount of gold and the amount of loan. The RDCC Bank has financed gold loan since the beginning and the recovery position shows satisfactory. But from the year 1983-84 to 1990-91 the overdues percentage was high ranging in between 30% to 90%. However, it has come down after the above period. But in the year 2003-04 the percentage of overdues was very high i.e. 72.83%. This was because of dishonesty on part of the certified goldsmith as well as the borrower of the gold loan. This case was seriously taken even by the RBI.

7.15. PROFITABILITY OF RDCC BANK

One is happy to note that the Bank was in profit and maintained Audit Class 'A' except two years viz. 2003-04 and 2004-05. Though the Bank was in loss for last two years, yet, it had maintained Audit Class 'B'. The main reasons for the losses were increase in NPA and loan transactions which were banned by the RBI.
7.16. CONCEPT OF WEAK BANK AND NPA

According to parameter of 'Weak Bank' concept, erosion in Owned Funds was always less than the 50 per cent of total Owned Funds of the RDCC Bank. But considering concept of Non Performing Assets; the provision made against NPA was of increasing trend and its annual growth rate varied in between 1.33 per cent to 113.45 per cent which indicated seriousness in the financial performance of the Bank.

7.17. CO-OPERATIVE LOAN AND ROLE OF THE BANK

The Ratnagiri District Central co-operative Bank is helping in the formation of different types of co-operative societies in the district. Since it is leader of the co-operative movement in the district, it provides credit to its member co-operatives and enables the people to get developed. Regarding the loan transactions of the Bank, the period of ten years i.e. from 1995-96 to 2004-05 is considered hereunder because of sufficient data availability.

(1) AGRICULTURAL / NON-AGRICULTURAL CREDIT CO-OPERATIVES

The main purpose of provision of credit to farmers is being served by the RDCC Bank with the help of 379 PACS in the district. The Bank, on an average disbursed loans of Rs. 1976.47 lakhs to the Agricultural and Non-agricultural Credit Co-operatives. The average due recovery was Rs 2110.49 lakhs and average recovered amount was Rs. 1088.91 lakhs, resulted in average overdues of Rs. 1021.57 lakhs i.e. 48.40 per cent per year during the period of 10 years.
(2) MARKETING CO-OPERATIVES

The Marketing co-operatives are second most important co-operative organization to assist the farmers and others by various marketing business. As on 31st March 2005, there were 17 Marketing co-operatives. The Bank provides credit to them. The average amount disbursed to them was Rs. 154.91 lakhs. The average recovery from the Marketing co-operatives was Rs. 27.52 lakhs from the due recovery resulted in 39.55 per cent average overdues.

(3) FISHERIES CO-OPERATIVES

In Ratnagiri district, the Fishery has prime scope to develop the socio-economic conditions of the fishing and fishing-related communities. As on 31st March 2005, there were 84 Fisheries co-operatives working in the district. The Bank has disbursed average loan of Rs 107.53 lakhs and recovered Rs. 70.07 lakhs out of due recovery of Rs. 140.86 lakhs indicated average overdues of Rs. 70.80 lakhs i.e. 50.26 per cent.

(4) INDUSTRIAL CO-OPERATIVES

In case of Industrial co-operatives, the average disbursement during the 10 years was Rs. 78.88 lakhs per year. The average amount of recovery was Rs. 31.91 lakhs and that of overdues was Rs. 33.58 lakhs per year. The percentage of average overdues was 51.28.

(5) ARTISANS’ CO-OPERATIVES

At the grass root level in the villages, artisans’ class also availed of credit facility through their co-operatives. There are 9 Artisans’ co-operatives in the Ratnagiri district one in each taluka. They availed of credit on an average of Rs. 96.99 lakhs per year. The Bank recovered
average loan amount of Rs. 67.68 lakhs and there was residual amount of Rs. 75.16 lakhs as average overdues which was 52.62 per cent.

(6) CONSUMERS' CO-OPERATIVES

There were 78 consumers' co-operatives working in the district as on 31st March 2005. The amount availed to these co-operatives was on an average of Rs. 284.65 lakhs during the 10 years. The amount recovered from these co-operatives was Rs. 27.29 lakhs whereas the overdues amount was on an average Rs. 22.09 lakhs i.e. 44.74 per cent.

(7) HOUSING CO-OPERATIVES

The basic need of housing is being satisfied in Ratnagiri district with the help of housing co-operatives. As on 31st March 2005, there were 336 Housing co-operatives working in the district. The RDCC Bank disbursed loan to them on an average of Rs. 11.27 lakhs. In the beginning, they were working very efficiently but from 2001-02 the problem of overdues raised and continued forward. The percentage of average overdues was 70.13.

(8) PROCESSING CO-OPERATIVES AND WEAVERS' CO-OPERATIVES

In case of processing co-operatives, though there is scope for processing units, only 10 co-operatives were at work as on 31st March 2005. The loan transaction was very negligible. However, percentage of overdues was 95.52 per cent which was highest among all types of co-operatives. Like the same, in case of Weavers' co-operatives that was 88.97 per cent which was second highest overdues.
(9) EMPLOYEES’ CREDIT CO-OPERATIVES AND URBAN CO-OPERATIVE BANKS

There were 80 Employees’ Credit co-operatives working effectively and there was not problem of recovery to the RDCC Bank. The percentage of average overdues was lowest among all types of co-operatives i.e. mere 0.08 per cent. In case of Urban Co-operative Banks in the district, the percentage of average overdues 10.24 which was second lowest among all types of co-operatives in the district.

(10) OTHER CO-OPERATIVE LOANS

Besides all these, among the rest of various co-operatives, the overdues problem was continued. It was because of major loan amount blocked by the individual co-operative loans, co-operatives under arbitration and liquidation.

(11) AGGREGATE LOAN TRANSACTIONS

Considering aggregate loan transactions of the Bank with all types of co-operatives in the district, it was seen that on an average there was 25.10 per cent of overdues which is not fair and good considering the normal and permitted percentage of 5 per cent. To thrash out it one can suggest the strict actions against the default co-operatives and at the same time proper efforts for rehabilitation of the co-operatives. Considering the increasing co-existence of money lenders in the district, one can argue that the role of RDCC Bank in the development of co-operative movement has partial successes.
SUGGESTIONS

Taking into consideration the conclusions above, we offer the following suggestions for further improvement in the performance of the RDCC Bank so as to suit at level best as an efficient Leader Bank of the co-operative movement in Ratnagiri District.

1. All the society members were not attending the General Body meeting. It is suggested that the Bank should appeal all the member societies to attend the meeting and they should clear their doubts openly. This practice will remove the misunderstandings between the member societies and the Bank.

2. The Board of Directors constitutes the central pillar of management of the co-operative banks. So it is better to have the mixture of both old and young Directors in the Board by ratio fifty-fifty as the old provides experience and young injects dynamism. While selecting the members for elections, the co-operators should take this rule in the interest of co-operative movement. Similarly, no person can be elected after two terms (ten years) of Directorship. This condition can be included in the Bye-laws of the Bank. This will reduce the unhealthy competition and also it will allow the new co-operators in the Board of Directors.

3. As far as possible the Bank should not open new branches. The existing branches (68 Branches + 7 Extension Counters) should be made viable.

4. Each and every employee should bring certain amount of deposits in the Bank. At the same time they should make the loan business of certain amount to bring the income at least equal to their total annual salary.
5. The employees of the Bank should work not between 11 to 6 hours but they should work 9 to 6 hours allowing their more time for the working of Bank. The HDFC Bank, the ICICI Bank, the UTI Bank have followed this practice. Further, some of the branches in the urban area should be kept open even up to 10 p.m. at night. This will help to get the profit to the Bank.

6. The Bank should take active steps to increase Owned Funds since the strength of the Bank depends upon them. As the Share Capital contributes the major part of the Owned Funds, it is an imperative need that the DCC Banks should not only strengthen their share capital by expanding loan business but also should strive hard to fulfill the norms stipulated for obtaining share capital contribution from the Government. Efforts should be made in Annual Plans to strengthen capital base, by fixing specific targets for each year and the targets fixed should be achieved. For this, periodical progress reports should be taken without fail. The Bank was in losses for last two years of the study period and it was unable to contribute towards NPA due to poor performance. So the causes for this should be analyzed and remedial action should be initiated.

7. The different schemes of the deposits should be made known to the public. The management should give wide and house to house publicity in rural areas of the district through various Medias about its deposits schemes. The deposit mobilization camps should be conducted. Depending heavily on external borrowings is not a healthy sign.

8. The Bank should not forget the important features of the co-operative credit system that timely, adequate and cheap credit should be made available without any cumbersome procedures. A very short term credit
i.e. for a period of 4 to 6 months should be given to members of credit co-operatives for cultivation, for production of vegetables and fruits, for purchase of poultry birds, etc. Some DCC Banks have financed even for 3 months credit through village credit societies and the results are favourable. Such credit may be linked with co-operative marketing societies.

9. The Bank should take efforts to develop agricultural practices in the district. The amount of agricultural loan in the total loan amount seems very less. With a view to increasing the loan for agricultural sector, first of all land leveling, irrigation should be done by the farmers. Thus land improvement and land development loans should be given by the Bank.

10. The share of loan to processing co-operative is very less. The bank has to take leadership in establishing the co-operative processing units especially in fruits and vegetables, spices, etc.

11. The socio-economic conditions of fishing community in coastal area are still worst. Private money lenders are providing money to fisherman on high interest rate. It is suggested that the fishing community should be helped more by the RDCC Bank.

12. The training of farmers for agricultural practices, training of fishermen for viable fishing, processing and marketing needs to taken by the RDCC Bank. So that the demand for loan from these sectors will increase.

13. The Bank should conduct the survey for seeking the scope for the new types of co-operatives, such as transport co-operatives, tours and travelers and social service sector. The present traditional types of co-operatives are not working properly. Hence need based co-operatives
should be formed. For example, sericulture co-operatives, coconut growers co-operatives, cashew nut, mango etc.

14. The vital problem which the Bank facing is Mounting Overdues. So, the management has to take effective steps for recovery of loans. The causes for the overdues should be noted. If there are any real external causes such as failure of crops, owing to drought or flood, the borrowers may be given some more time for repayment and postponement of collection and not the total abolition of credit may be undertaken. But willful defaults, evasive tendencies and political instigation should be strictly prevented. If there are any internal causes such as inefficiency and lenient attitude on the part of the employees, the concerned should be severely punished. The co-operatives also should ensure effective supervision over utilization of loans as misutilization of credit led to the pilling-up of overdues. To such defaulting DCC Banks the SCB and NABARD should not finance.

15. The Bank should speed up rehabilitation work with the main emphasis of reviving it from its NPA condition and it should attain economically viable status and should be regarded as strong bank at an early date.

16. Besides credit for agricultural purposes, other rural development activities such as loans for cottage industries, horticulture, plantation, fishery, sericulture, vermiculture, dairy, poultry, animal husbandry, processing units should be encouraged.

17. The RDCC Bank should make an arrangement of co-operative training to their employees, training to the Board of Directors and Chairmen of the member societies about the principles and values, ethics in co-operatives.
This will help to bring high moral among the co-operators. At present the general public and even the members are regarding co-operatives as charitable institutions, hence, the members should be made aware that the co-operatives are first Commercial Organizations and hence they should first think of their own viability.

18. There should be proper supervision over the working of the branches and the PACS. To this extent, the supervisory staff should be made effective and be trained properly in Co-operative Law, Recovery Methods and Friendly Relationship with the clients.

19. The study shows that there were 80 salary earners credit co-operatives in the district. There are 1539 secondary schools, 31 senior colleges and 14 training and industrial Schools as well as number of Government offices. The DCC Bank and District Co-operative Board should try to form salary earners co-operative societies in the uncovered areas. This will avoid the private money lending. At the same time the Bank will get more business.

20. The linking of credit with marketing, processing, consumer is very weak in Ratnagiri District. The Bank should try to link every credit with above co-operatives so that the overdues will come down. The need based processing; marketing co-operatives can be established with the help of professional managers.

To conclude, it should be borne in the minds of all those who are the members and officials of the Co-operative Banks that co-operation should not be an end but it should be a means to improve the quality of life of the rural people. To this end, the DCC Banks in general and the RDCC Bank in
particular, should work effectively to achieve the main objective of developing rural areas.