CHAPTER - 8

CONCLUDING OBSERVATIONS AND SUGGESTIONS
8.0 Introduction

The Present Chapter proposes to compile and integrate a number of observations (chapter conclusions) dealt at length in the preceding seven chapters. These may be viewed as the outcome of the research undertaken by the researcher regarding the PACS in Solapur district. In the light of the analysis of the working of the PACS from 1970-71 to 1999-2000, the researcher takes the opportunities to propose a number of suggestions to enhance the effectiveness in the functioning of the PACS. The researcher is of the view that the implementation of these suggestions will not only add to effective functioning of the PACS but will also enable them to serve their beneficiaries (farmer members) more meaningfully and purposefully.

8.1 Concluding Observations

The researcher lists concluding observations based on his detailed study of the PACS in Solapur district as under:-

(1) Solapur district is a predominantly rural district indicated by population census report 1991, the rural population of the district is 71.19 per cent (i.e. 22,95,135) and urban 28.81 per cent (i.e. 9,28,899).

(2) The land under irrigation in the district is 21.60 per cent due to the fact that the Bhima river is the only major source of water supply and the Ujjani project is the only major irrigation project in the district.
(3) The agriculture in the district is predominantly rain-fed and that the average rainfall is 23", which is also insecure.

(4) Owing to the inadequate and insecure rainfall the ground water for well irrigation is inadequate.

(5) The pattern of land holding in the district reflects the dominance of the small farmers.

(6) There are no economic minerals in the district.

(7) The whole district is monotonously covered by Deccan Trap having black cotton soil.

(8) There is no secured ground water in the district, it mainly depends on degree of rainfall.

(9) Bajra and Tur are the major Kharif Crop and Jowar is the main Rabbi Crop of the district. Crop pattern of the district is dominated by food crops. Sugarcane is the Cash Crop undertaken in the irrigation track in the district.

(10) Agriculture is the main occupation of the rural population of the district.

(11) Electricity is supplied to all cities and villages of the district.

(12) PACS constitute the large component of the co-operative sector prior to as well as in the post independence period.

(13) PACS are grassroots level co-operative credit institutions at the village level. They play an important role in the disbursement of short-term credit.

(14) The co-operative movement in the district gained momentum after the formation of the state of Maharashtra in 1960.

(15) PACS is an effective instrument to better the lot-of the rural poor by providing institutional finance.
In the year 1970-71 Solapur district had the highest number of PACS, 888 and Kolhapur, 869. However, Kolhapur district over took Solapur district in 1999-2000. At present the Solapur district has 1,055 PACS and Kolhapur 1,375.

Solapur district has large number of PACS 1,055 in 1999-2000, comparison to adjoining district of Satara and Sangli which have respectively 889 and 601 PACS in 1999-2000. In spite of this, the membership in Satara and Sangli districts is more than Solapur district. Solapur district has 4,34,455 members against 4,68,781 and 4,43,758 members of Satara and Sangli districts in 1999-2000.

Solapur district has made gradual progress regarding disbursement of loans and advances. The PACS disbursed the loans and advances of Rs. 471 lakhs in 1970-71 which has gradually increased to Rs. 29,260 lakhs in 1999-2000.

Along with the increase in disbursement of loans and advances the quantum of overdues has increased from Rs.288 lakhs in 1970-71 to Rs.8,348 lakhs in 1999-2000. By implication the recovery of loans has also declined from 94.69 per cent in 1970-71 to 65.91 per cent in 1994-95.

The study reveals that the gradual decline in the availability of share capital of the PACS which was 29.75 per cent in 1970-71 as against 16.73 per cent in 1999-2000. As a result, the trend towards increasing dependency of the PACS on the external sources.
(21) The PACS have failed to mobilise the resources due to competition of the other financial institutions. This may be partly due to lack of saving. As a result, PACS in Solapur district have failed to supplement their own resources by those of their members, this trend reflected by the declined the resource mobilisation (deposits from the members) from Rs. 8 lakhs (0.94 per cent share in the Working Capital) to Rs. 123 lakhs in 1994-95 (0.70 per cent share in the Working Capital).

(22) The quantum of external finance in the form of borrowings from other financial institutions declined from Rs. 1,219 lakhs (143.92 per cent borrowings to total capital) in 1970-71 to Rs. 38,063 lakhs (79.00 per cent borrowings to total capital) in 1999-2000. This development has hampered the growth of PACS in the district.

(23) The relation between the Working Capital and loans advances, more or less unchanged during the period of analysis i.e. 55.61 per cent in 1970-71 against 60.73 per cent in 1999-2000.

(24) In the Solapur district, the percentage change in loans advanced and recoveries is gradually reduced from Rs.446 lakhs, 94.69 per cent in 1970-71 to Rs.1,015, 65.91 per cent in 1994-95.

(25) The percentage change in loans outstanding to loans advanced shows heavy financial burden on the PACS in the Solapur district. This was change from 155.20 per cent in 1970-71 to 138.56 per cent in 1999-2000.
(26) Maharashtra is leading state in the co-operative movement in India. Solapur is among the leading district in the co-operative sector, consequent to the averages of selected variables are on the higher side as compare to Maharashtra state. In this view Solapur district is one of the leading districts in the co-operative movement not only in Maharashtra but also in India.

(27) There is no impact of PACS on agricultural techniques of marginal farmers because the responses from these group prior to membership of their PACS and after membership of PACS shows no change in their use except 2.94 per cent farmers use the tractor after their membership.

(28) In case of small farmers there is no impact as regards to the use of Iron plough and Bullocks. However, there is change in use of Tractor due to the fact that only 5 per cent farmers were in use of Tractor Prior to membership of PACS. While 29.41 per cent farmers use the Tractor after their membership of PACS.

(29) In case of medium farmers increase in the use of tractor from 20 per cent to 64.70 per cent due to availability of credit from PACS.

(30) In case of large farmers the rate of increase in the use of Tractor from 30 per cent to 79.40 per cent.

(31) In case of marginal farmers there is no change in the use of labourers as well as in the use of modern equipment in the agricultural practices, because of all farmers use the labourers prior as well as after membership of PACS, while no farmer use modern equipment for their agricultural operations.
(32) In case of small farmers group, there is no change in the use of labourers but only 10.00 per cent farmers were in use of modern machines for agricultural operations prior to membership. This percentage has increased to 41.17 per cent after taken membership of PACS. It means PACS have impact on use of modern technology.

(33) Only 15 per cent farmers from medium sized group positively response as regards to the use of modern machines for their agriculture. While this percentage increased to 47.00 per cent after the membership. At the same time use of labourers shows no change in the sense.

(34) Large farmers used modern machines on large scale after the availability of credit by PACS accounted for 79.40 per cent. While this percentage was only 25.00 per cent prior to membership of the PACS along with no change in the percentage of use of labourers.

(35) There is no direct change because of the impact of PACS on use of diesel engine but there is impact on use of electricity water pump by the marginal farmers because the percentage use increased from 5.00 per cent to 41.17 per cent.

(36) Similarly, small farmers also use the electricity water pump for their agriculture in increasing trend which accounts for 12.00 per cent to 44.11 per cent.

(37) In case of medium farmers use the electricity pump for their agricultural practices, the percentage change is from 25.00 per cent to 52.94 per cent.
(38) Large farmers shows increasing rate from 58.82 per cent to 79.41 per cent. It seems the size of landholding do not have direct impact on use of the techniques which coupled with the membership of PACS because similar rate of increase in the percentage used of electricity water pump. This is because of its essential use in agricultural sector.

(39) Availability of credit facility of PACS, there is positive change in the use of modern techniques and equipments like Electricity water pump, Tractor, Harvesting machine, Thrashing machine, Winnowing machine etc., particularly by the medium size and large size farmers even in small proportions by small farmers.

(40) In case of marginal farmers the use of inputs increased from 0.00 per cent to 17.64 per cent, which means even in case of marginal farmers availability of credit by means of PACS induces the farmers to use modern and improved inputs.

(41) The rate of increase of the input utilisation increased from 11.17 per cent to 58.82 per cent in case of small farmers which means 47.00 per cent increase in the utilisation of these inputs after the membership of PACS.

(42) There is steady increase from 17.64 per cent to 70.58 per cent, which accounts for near about 53.00 per cent increase in the use of input utilisation in case of medium farmers.

(43) Large farmers accounts for 53.00 per cent increase i.e., from 23.53 per cent to 76.47 per cent in case of input utilisation.
The comparison between different size holdings it is observed that in case of marginal farmers rate of input utilisation was 17.64 per cent, small farmers 47.00 per cent, medium farmers 53.00 per cent and large farmers 53.00 per cent, this indicates the use of modern and improved input utilisation due to availability of credit by PACS in proportion with increase in the size of land holding.

The credit of PACS do not have direct impact on cropping pattern of food crops because all the farmers of all size grow food crop to meet the food requirement of their families.

In case of marginal farmers the pulses constituent of cropping pattern has not changed.

There is decreasing trend which reduces from 23.52 per cent to 14.17 per cent in case of pulses by small farmers.

The trend of cropping pattern of pulses in case of medium farmers have decreasing trend that is from 38.23 per cent to 35.29 per cent.

In case of large farmers there is an increasing trend of growing of pulses after membership that is from 14.17 per cent to 40.44 per cent.

In case of pulses there is no change on case of marginal farmers, decreasing trend in case of small farmers and medium farmers and increasing trend in case of large farmers. It means availability of credit has positive effect only on large farmers as an incentive to grow the pulses.
(51) In case of cash crops, there is increasing trend from 8.82 per cent to 42.11 per cent, which accounts for near about 35.00 per cent increase by the marginal farmers because of the availability of credit by PACS.

(52) The percentage increase in case of small farmers to go for the cash crops is relatively less that is only 14.00 per cent which increased from 44.11 per cent to 58.52 per cent.

(53) The percentage increase in case of medium farmers was from 67.65 per cent to 100.00 per cent due to availability of credit.

(54) The rate of increase of growing cash crops increases from 73.53 per cent to 100.00 per cent in case of large farmers giving the net increase of 26.00 per cent due to the availability of credit.

(55) There is increasing trend for growing the cash crops, but the rate of increase is high in case of marginal and large farmers as compared to small and medium farmers.

(56) Prior to the membership of PACS, there were no positive efforts by marginal farmers for any farm development. But after the membership of PACS, it is noted that 17.65 per cent farmers attempted to convert the shallow land into cultivated land, 14.17 per cent of farmers engaged on leveling and bunding on the farm, 5.88 per cent of the farmers went for construction of wells and related development for providing the irrigation to the farm.
(57) In case of small farmers because of availability of credit, 50.00 per cent of the farmers engaged in conversion of shallow land into cultivated land, 38.23 per cent of the farmers tried for leveling and bunding and 20.59 per cent of farmers constructed wells and related development on farm.

(58) In case of medium farmers, rate of on-farm development as regards to the conversion of shallow land into cultivated land increase from 28.00 per cent to 52.82 per cent, leveling and budding increase from 22.00 per cent to 44.11 per cent and construction of wells and related development 10.00 per cent to 29.41 per cent after availability of credit by PACS.

(59) The large farmers as regards to the on-farm development accounts increase of 30 per cent to 64.70 per cent, in case of shallow land into cultivated land 25.00 per cent to 58.82 per cent in case of leveling and budding, 22.00 per cent to 44.11 per cent increase of construction of wells and related development after availability of credit facilities.

(60) The benefit of credit facilities for the farm development is efficiently utilised by medium and large farmers which almost doubled, after becoming the members of the PACS.

(61) The group of marginal and small farmers are also attempted because of availability of credit as complete absence of the development of land leads to continuous progressive development in the respective aspects.

(62) PACS played a vital role in the creation of environment conducive to use new inputs and modern techniques by providing credit facilities. The medium and large farmers obtained maximum benefits of PACS in increasing in production and productivity of agriculture.
(63) There is direct impact on the non institutional factors, because of the membership of the PACS, there is complete shift of the composition of borrowings. Precisely, 70.00 per cent of the sample farmers were relayed on relatives for loans 90.00 per cent on money lenders and 70.00 per cent on commission agents and traders, but after having the membership of the PACS this percentage reduced 15.00 per cent, 10.00 per cent and 10.00 per cent respectively.

(64) In case of small farmers relatives constitute 68.00 per cent money lenders are landlords 85.00 per cent and commission agents and traders 65.00 per cent. This changed after membership of the PACS to 15.00 per cent, 12.00 per cent and 10.00 per cent respectively.

(65) In case of medium farmers the percentage is reduced from 60.00 per cent to 15.00 per cent in case of relatives 75.00 per cent to 10.00 per cent in case of money lenders, 68.00 per cent to 10.00 per cent in case of commission agents and traders. While in case of large farmers this change is 55.00 per cent to 8.00 per cent, 75.00 per cent to 5.00 per cent and 70.00 per cent to 5.00 per cent.

(66) The traditional non institutional factors more or less replaced by the PACS because of the vital position in the agricultural sector for credit.

(67) Due to optimum utilisation of inputs, modernisation and innovation in agricultural techniques resulted increase in production and productivity of agriculture, because of the increased credit standing of the farmer members, the standard of living, social status, participation in Panchayat Raj system has been increased in case of medium and large farmers.
There is no proper time schedule either for disbursement of loans or for recovery of loans because of which farmers face the problem of non-availability of credit facilities on time, on one side and failure of observance of schedule of repayment on the other which leads to problem of overdues.

Major portion of the loans advanced by the PACS is for crop loans, only the loans advanced for cash crops such as for sugarcane there is direct link between the PACS and the sugarcane factories for recovery. So there is least possibility of non-recovery. But in case of other crops which are directly traded in open market because of absence of direct linkage between the market authority and PACS, the loans are not guaranteed for repayment, in which problem of non-recovery of loans in large scale.

PACS have failed to enlist the savings of the members or the motivate them for savings because of their internal inabilities as well as image as a lending institution and not worthy from the view of an institution working in financial activities.

The directors do not take active interest in day to day working of the PACS. Secretary is the only person who actively working for implementation of all policies and decisions of the PACS, which sometimes create the one man show of the PACS at unit level.

Voluntary and open membership principle is made mandatory by law, it is followed strictly by the PACS in the Solapur district.

Administration of the PACS is controlled by the members on the basis of democratic pattern.
The management of the PACS are either elected or appointed or nominated.

One member one vote principle has been followed in the election.

Decisions are taken according to the principle of majority.

Participation of members is invited in the decision making process.

Equal rights have been given to all the members.

Board of directors elected are accountable to the members.

Fixed rate of interest on capital is paid to the members.

It is service oriented organisation rather than capital oriented.

As compared to other organisation rate of interest charged as well as paid is relatively less.

There is no obligation to pay dividend to the members. The PACS particularly which have more overdues have not paid the dividend.

Dividend is paid to the members in proportion to their transactions.

It is assumed that surplus is to be utilised for education and welfare of the members. However, no attention is paid to the welfare of members in practice.

"Self help through mutual help" is the motto of the entire working of PACS.

PACS are organisations of poor farmers for their self development.

The working of PACS reveals the practice of each for all and all for each.

Co-operative education is given only to the secretaries of the societies for the efficient and effective implementation of working of the PACS in the Solapur district.
(90) Co-operative education is given occasionally to the directors of the PACS in Solapur district.

(91) Co-operative education is not provided to the members of the PACS which imparts the inculcation of co-operative element among the members.

(92) No PACS are engaged in imparting the co-operative education to the rural people which failed to motivate the people for a co-operative development in rural area.

(93) No amount is spent by PACS by the Solapur district on the co-operative education to rural people.

(94) There is complete mutual co-operation among PACS in Solapur district.

(95) There is good understanding between Solapur district co-operative bank and the PACS which work for betterment of the rural poor.

(96) PACS of Solapur district have amicable relations with the co-operative sugar factories, co-operative spinning mills, co-operative banks, other co-operative institutions, non agricultural credit co-operative societies and Panchayats as well as different bodies at village level.

(97) All the PACS in the Solapur district work irrespective of caste, creed and religion of the office bearers and members.

(98) Federalism is the basic of organisational structure of the PACS which creates a systematize administration having upward and downward lines of authorities both for administrative as well as financial decisions.

(99) Secretaries of the PACS are the key of organisation functionaries undergo training.
(100) There is transparency in their working as they have made available information about administration and financial aspects. The accounts are open to all the members for scrutiny. This is the best guarantee against the mis-appropriation of funds.

(101) For the purpose of administration and financial disbursement the principle of equality is followed.

(102) The principle of decentralisation is followed by the secretaries who execute the decisions of the board of directors as well as the authorities delegated to him from time to time.

8.2 Suggestions

After having analysed the set of environment, within which the PACS are working in the Solapur district, critically evaluated the selected aspects of the study, analysing the responses from the respondents conclusions drawn, it is indispensable as an integral part of research process to put certain suggestions for effective working of PACS to play vital role as an unique institutions working in rural area. Precisely, the suggestions are summarised as under,

(1) With a view to control the overdues, the steps should be taken by the PACS for reformation and re-structurisation of the policies and procedures of advancing the loans coupled with the guarantee of recovery.

(2) With a view to make the follow-up and due feedback from the borrowing farmers active participation must be encouraged in policy making of the PACS.
(3) To ensure the implementation of repayment schedule, an attempt should be made to counsel the borrowing farmers about the benefits of observance of schedule and on default the possibility of imposition of penalty interest.

(4) To strengthen the financial position, an attempt should be made correspondingly to invite the deposits by offering attractive interest and assurance of repayment on maturity.

(5) Appropriate policy of ploughing back of profit should be undertaken to ensure the continuous flow of income and funds available to meet the financial needs of the PACS.

(6) Sufficient amount of money should be reserved to face the contingencies.

(7) By developing good rapport with the farmers PACS should participate in imparting agricultural education, counseling, training and advisory services to the farmers.

(8) PACS should re-engineer their institutional personality from merely lending institution to full-fledged banking institutions having overall competency of banking business.

(9) Innovative methods and techniques for modern financial management should be adopted to ensure the optimum use of available funds.

(10) To ensure the financial applicability of principles, practices concepts, conventions, effective system of book keeping accounting, preparation of financial statements and audit should be evolved.
(11) By considering unique role of PACS in rural credit system, government through its agencies or network of rural banks should provide sufficient funds to the PACS with liberal conditions.

(12) With a view to reduce the complexities of paper formalities and to avoid the delays in disbursements of loans the lending policy of the PACS should simplified in its formulation and operation.

(13) Government should identify the weaker PACS and provide them the special assistance to such PACS.

(14) As majority of borrowing farmers are either semi-educated or uneducated, PACS should provide them simple guidelines regarding procedures for advancing the loans and its repayments.

(15) The PACS should link-up with rural banks, other institutions working in rural area as well as the different agencies and authorities of the government for balanced integrated rural development.

(16) PACS should evolve the system of effective supervision and vigilance to ensure that the loans taken by the farmers are utilised for the purpose for which they were taken and if required the defaulters should be penalised.

(17) Lending policy of the PACS should be oriented to cash-crops friendly, which means PACS must encourage the farmers to cultivate more and more cash crops, so that they can earn good amount of money and repay the loans timely.

(18) PACS should avoid to lend money for unproductive purposes.
Along with cash crops and other agricultural development loans, PACS must concentrate on lending the money for irrigation development for the farmers.

PACS should keep themselves away from political parties and their direct intervention in day-today activities and lending policies.

The element of transparency should be inserted in all policies, procedures and practices in managerial as well as financial proceedings of the PACS.

Periodically meetings and gatherings of the farmers should be conducted to counsel and provide the new techniques and improvement in the field of agriculture.

After having paid the necessary liabilities if surplus funds is available it must utilised for the welfare of the member farmers.

Separate system of loans should be launched, if required, to face the emergencies or contingencies as and when demanded.

PACS should evolve the system of “Crop Insurance Scheme” for the benefit of the farmers as well as insurance of repayment.

Special incentive scheme should be included in the lending policy, particularly to the marginal and small farmers.

If required, the financially sick PACS should be either wind-up or must be revived with some financial assistance or merged with viable PACS.

With a view to ensure the optimum utilisation of available fund, wastage if money at all level should be eliminated and ensure that “every rupee available must be put at its best possible use so that it can return the optimum return”.
(29) As directly associated institutions with the farmers reliable relevant and up to date data about the agriculture, crop pattern, agricultural practices, whether, rainfall etc. should be collected and provided to the government agencies for formulation of comprehensive government’s agricultural policy. 

(30) As democratically governed organisation, it must preach the democratic principles to the rural people by its democratic operations.