

CHAPTER IV

SUMMARY AND CONCLUSIONS

This chapter contains a brief summary of the previous three chapters. At the end of this chapter the researcher has given some suggestions for the problems inferred by her in the functioning of the Gramodaya Kendra in the study area. The researcher strongly feels that if these suggestions are implemented it would be very helpful for the successful working of the Gramodaya Kendra.

In the first chapter the need for rural development and the various schemes sponsored by the Government and public sector banks for that purpose are described briefly. The main schemes discussed are Integrated Rural Development Programme (IRDP), Massive Agricultural Production Programme (MAPP), Twenty Point Economic Programme (20 PEP), Self Employment for Educated Unemployed Youth (SEEUY), Self Employment Programme for Urban Poor (SEPUP), Training Rural Youth for Self Employment (TRYSEM), Differential Rate of Interest Scheme (DRI), and Lead Bank Scheme. The refinance schemes through Agricultural Refinance

Development Corporation (ARDC) and National Bank for Agriculture and Rural Development (NABARD) are also discussed. The penultimate section of Chapter I contains the description of sampling design and the mode of data collection. The problem set-up and hypotheses formulated for the study are given in the last section of this chapter.

The initial section of Chapter II contains the description of the rural development schemes of the Syndicate bank and the Bank of Baroda. The second section deals with the rural development cell of the Indian Bank, namely, Gramodaya Kendra.

Chapter III contains results of analysis and their interpretations. A brief summary of the findings are given below.

The average loan per customer belonging to allied activity and industries, service and business activity is smaller than the corresponding value for customers belonging to agricultural activity.

The distribution of loans among the customers belonging to allied activity is more even than the

distribution of loans for other categories of customers. A highly uneven distribution is observed in the loans advanced for agricultural sectors. In agricultural sector, the loans given to S.C/S.T beneficiaries is more evenly distributed than the loans to other community beneficiaries. The land holdings of different communities have a similar distribution. This pronounced unevenness in loan distribution between the two communities is not found in the case of beneficiaries of the other two sectors.

The hypothesis that the net return per rupee loan is the same in all the three sectors is rejected. A high average return is observed in agricultural sector, while the same average return is observed in the other two sectors.

The hypothesis that proportion of persons reporting sufficiency of loan funds is uniform in all the three sectors is rejected.

The hypothesis that proportion of persons reporting sufficiency of loan funds is uniform in both communities belonging to agricultural sector is accepted.

The hypothesis that proportion of persons reporting sufficiency of loan funds is uniform among beneficiaries belonging to agricultural sector and categorised with reference to return on loan, is rejected.

The hypothesis that proportion of persons reporting sufficiency of loan funds is uniform among beneficiaries of ISB sector and categorised with respect to the size of the trade is accepted.

Similarly the hypothesis that proportion of persons reporting sufficiency of loan funds is uniform among beneficiaries of ISB sector and categorised with respect to the return on loan, is accepted.

The hypothesis that proportion of persons reporting sufficiency of loan funds is uniform among the beneficiaries of allied sector and categorised with respect to the return on loan is accepted.

The hypothesis that being a defaulter is independent of the activity is accepted. The average

outstanding per defaulter is maximum in agricultural sector. There is a relatively large variation in amount outstanding from defaulters of ISB sector.

The beneficiaries are classified with reference to the reason for their motivation and their activities. The hypothesis that these two characters of classification are independent is accepted.

The beneficiaries ~~are~~ are next classified with reference to the reasons for their motivation and their communities. The hypothesis that these two character are independent is accepted.

The hypothesis that the opinion that becoming a beneficiary in GK is easy is independent of sector of activity is accepted.

Similarly the hypothesis that the opinion that becoming a beneficiary in GK is easy is independent of community is accepted.

The hypothesis that opinion on the attitude of bank officials towards the customers and the community of customers ^{are} independent is rejected.

The hypothesis that the opinion on the delay in the sanction of the loan and activity ~~is~~ independent is accepted.

The hypothesis that the opinion on the delay in the loan sanction and community of customers ~~is~~ independent is accepted.

The hypothesis that getting the full requested amount sanctioned is independent of the activity is rejected.

The hypothesis that getting the requested amount sanctioned is independent of community is accepted.

The hypothesis that the entire sanctioned amount is disbursed is independent of the activity is rejected.

The hypotheses that opinion on refusal of loan to deserving persons is independent of the activity as well as the community are accepted.

The hypotheses that the favourable opinion on rate ^{of} interest is independent of both the activity and community are accepted.

The hypothesis that the opinion on the recovery of loan is independent of activity is accepted.

The hypothesis of independence between the opinion on recovery of loan and community is accepted.

The hypothesis that proportion of persons who had to pay middlemen to get the loan is the same in all three categories of beneficiaries is accepted.

The hypothesis that community does not influence the proportion of people having to pay middleman is accepted.

Suggestions

A few of the problems confronted by the beneficiaries and some which hamper the successful working of Gramodaya Kendras and the researcher's suggestion to overcome them are discussed below.

More than half of the beneficiaries and bank officials complained of undue political interference

in the sanctioning of loans. This undue political interference results in the sectioning of loans to the richer section of the society. Further such beneficiaries normally misuse the loan for other purposes.

This can be avoided if the bank management allocates the job of identification of eligible persons to the bank personnel only. These bank officials can be made accountable for the sanctioning of loans and this will ensure that loans are given to those persons to whom it is meant.

About 30% of beneficiaries complained that they had to bribe middlemen to get the loan sanctioned. To avoid this the suggestion given above may be implemented.

From the enquiry it is found that 50% of the beneficiaries getting subsidy intended for SC/ST communities do not actually belong to SC/ST communities. Attracted by the subsidy available to SC/ST communities some persons somehow influence the revenue officials and get a certificate to that effect.

This can be prevented only if the government gives strict guidelines for the certificate issuing officials. The officials who misuse the authority given to them should be subjected to heavy penalty.

A large section of beneficiaries report delay in getting the loan sanctioned.

Educating the rural people in the availability of loans under different schemes and the procedure they have to follow in applying for these loans is very essential. The applicants for loans may be asked to fill up the particulars in the application form in the presence of the bank officials. The bank officials can check up whether all the particulars given by the applicants are in order. They can get the necessary corrections made in the forms if found necessary then and there. If these are properly done there will not be any delay in the sanctioning of the loans to the beneficiaries.

For various reasons the government both the centre and the state wish to implement certain populist schemes quickly and speedily. This has resulted in the government pressurising the bank to disburse to a large

number of beneficiaries a huge amount of loan in a very short span of time. During the study period four such loan schemes have been introduced in the study area. In almost all the cases this hastiness has resulted in a failure.

When there is a pressure from the government the bankers are helpless. But, for the successful implementation of the schemes they can appoint more persons on a temporary basis since the bankers may not be able to get longer duration of time from the government for the implementation of the schemes.

Another major complaint by beneficiaries is that they could not contact bank officials more frequently for getting their advises on many matters. The frequent transfer of Gramodaya Kendra officials also is a cause for their non availability to the beneficiaries at frequent intervals.

To obviate this difficulty more man-power should be pressed into service in Gramodaya Kendras. The officials should be allowed to continue in a place for a relatively longer duration for getting proper understanding of the local problems and the people.

A majority of ISB defaulters said that the main reason for their default is the loss suffered by them in their activities.

To annu^l this the bank officials should make a pre-sanction survey for the identification of the project and its viability, and should conduct post-sanction inspection for the proper implementation of the project.

The delay in the grant of subsidy by the government has resulted in a great hardship to both the beneficiaries and the bank, as observed by the researcher. The bank should take up this issue with the Government and should impress the government on the need for timely disbursement of subsidies.

Most of the bank officials reported insufficiency of infrastructural facilities like conveyance. They also complained of undue political interference. For a better liaisoning the infrastructural facilities should be liberally provided.