CHAPTER - VII

SUMMARY OF THE FINDING AND CONCLUSIONS

1. INTRODUCTION:

The banking activities in our country have shown a phenomenal growth in terms of deposits, advances, and services. There are three sectors operating in the organized sector of the Indian money market. They are the public sector, the private sector, and the co-operative sector. The public sector occupies the top position among the three sectors. It controls about 90% of the banking resources.

The private sector banks have a significant role to play in mobilizing deposits and channelizing the funds to various sectors of the economy. The co-operative sector banks have their own role to play in the Semi-Urban and Rural areas. Though, these three sectors do not envisage any competitions among themselves, their operations are comparable with each other. Therefore, a comprehensive study may reveal which sector among the three performs better than the other two. Though a comparison of the performance in terms of all their functions such as deposits, advances, and services can be studied, due to paucity of time, in this study, a comparison of the lending performance of the banks in the three sectors in Salem district has been attempted. A brief summary of the finding along with suggestions to improve their performance is described below.
2. SUMMARY OF THE FINDINGS:

In India since nationalization the banking has an all round progress in terms of number, branches, deposits and advances.

The lending performance of the public sector banks in Salem district has shown an overall increase during the period of study between 1995 and 2000. The crop loans sanctioned during the period of study have increased during period of study. It highest in the Year 1999-2000 and the average amount lent was 12.35 thousands per account. The Minor irrigation loans sanctioned during the period of study also reflected an increasing trend. It was highest in the year 1999-2000 and average amount lent was 24.25 thousands.

The land development loans sanctioned fluctuated during the period of study. It was the highest in the year 1997-1998 and the average amount lent during that period was 31.88 thousands per account. The farm mechanisation loans sanctioned by this year 1999-2000, which was the highest, during the period of study.

The plantation and Horticulture loans and the poultry development loans fluctuated during the period of study. The average amount of plantation and Horticulture loan sanctioned was 27.55 thousands per account in the Year 1999-2000, which highest amount sanctioned. The poultry development loan was the highest in the year 1996-1997 and the average amount lent during the period was Rs 245.94 thousands per account.

The amount of loans lent under other type of loans, the dairy loans and the sheep, goat loans shows an increasing trend in the sector during the
period of study. The other types of Loans was the highest in the year 1999-2000 with an average amount of 15.73 thousands per account. The dairy loans and the sheep, goat loans were also high during 1999-2000 and the average amount lent during that period were 10.44 thousands per account and 15.26 thousands per account respectively.

The lending performance of the private sector has shown fluctuating trend during the period of study the crop loans sanctioned during the period of study by this sector showed a fluctuating trend and the average amount lent was highest in the year 1999-2000 and it was 14.17 thousands per account Loans sanctioned for improving irrigation facilities also showed the same trend.

The average amount of loans lent for land development purpose increased during the period of study. It was Rs 263.33 thousands per account in the year 1998-1999 which was the highest during the period of study.

In case of farm Mechanisation loans, the average amount of loans granted decreased during the period of study. The plantation and Horticulture loans and the other type of loans sanctioned by this sector fluctuated during the period of study.

The dairy loans, and poultry loans sanctioned by this sector too fluctuated during the period of study. It was 19.01 thousands per account in the yar 1999-2000, which was the highest during the period of study, for the dairy loans.
The poultry loans sanctioned was the highest during the year 1996-1997 and it was Rs. 943.97 thousands per account loans granted for the purchase of sheep and goats who showed the same trend.

The lending performance of co-operative sector Banks shows an increasing trend, though it fluctuated for some loans. The crop loans sanctioned by the banks have increased the throughout the period of study. It was the highest in the year 1998-1999 and the amount was Rs.6.89 thousands per account.

The minor irrigation loans and loans provided for form mechanisation fluctuated during the period of study. A steep increase is found throughout the period of study in case of providing land development loans. It was Rs.263-33 thousand per account in the year 1998-1999, which was the highest.

The plantation and Horticulture loans sanctioned by this sector shows a steep increase during the period of study. It was the highest in the year 1999-2000 it was 143-10 thousands per account.

The Dairy loans and the sheep goat loans reflected an increasing trend during the period of study. It was Rs 10.54 thousands per account in the year 1999-2000 which was the highest in case of dairy loans. In case of sheep goat loans, it was Rs 10.38 thousands per account in the year 1998-1999, which records the highest during the period of study.

A comparison of the lending performance of banks in public, private and co-operative sectors has showed the following trend. The average
amount of loans sanctioned per account has been taken as the index. The public sector banks have tarred better than the other two sectors in issuing poultry development loans.

The lending performance of the private sector is the best in granting the following loans. They include crop loans, minor irrigation loans, land development loans, plantation and horticulture loan, dairy loans and other type of loans. The cooperative sector banks ranks first in issuing farm Mechanisation loan.
SUGGESTIONS FOR IMPROVING THE LENDING PERFORMANCE OF BANKS

The lending performance of public sector banks seems to be inadequate in case of proceeding crop loans, minor irrigation loans, land development loans, plantation and horticulture loans, and Dairy loans. This may be due to the following reasons. The lack of personal involvement of the individual office of at various levels plays a major role in affecting the lending operations. This is not involvement is not up to the expected level in the public sector Banks.

Another reason may be adherence of many rules and regulations while advancing loans and advances. The formalities are more in public sector than in the private sector. In order to increase their lending efficiency proper attention must be given to these aspects.

The lending performance of cooperative sector bank is found insufficient in case of loans to allied activities of agriculture. Though the cooperative sector banks are giving preference in advancing loans to agricultural and allied sector, it is not so in real practice. This may be due to the meagre resources of the cooperative banks. In order to increase their lending operations their lendable resources must be channelised to productive use.

In general the customer service and the service at the counters is better. That is why in most of the loans, the average lending by the private sector banks is higher than that in other banks. Therefore public sector banks and cooperative sector banks should take steps to provide better customer service and service at the counter. This will go a long way in improving their lending operations a long with other operations.