Chapter VI

Findings and Suggestions
1 INTRODUCTION

While a number of schemes were launched for the upliftment of the poor in the rural areas, the Integrated Rural Development Programme assumes more importance than the others as it involves an integrated approach. Though the schemes implemented previously brought many good, they failed due to lack of such integrated approach. Hence the Integrated Rural Development Programme was launched. In the Integrated Rural Development Programme, banks were expected to play a greater role as they had to provide the necessary finance. In this study an attempt has been made to evaluate the performance of the banks of the three sectors - private, public and co-operative - and to find out which one fared better in Salem District. The findings of the study are summarised as below:

2 FINDINGS

The total amount of loans disbursed under Integrated Rural Development Programme and outstanding were higher in the co-operative sector than in the other two sectors while in recovery, the public sector fared better than the other two sectors.
In case of loans disbursed to specific purposes, the performance of the co-operative sector was better than that of the other two sectors under

i Milch animal

ii Bullocks and carts, and

iii Poultry

Public sector branches have disbursed more amount of advances than the other two sectors in

i Goat and Sheep

ii Sericulture

iii Calf rearing

iv Allied activities to agriculture

v Industries - Handlooms

vi Services

vii Small business

viii Professional and self employed, and

ix Other purposes.

In the case of recovery of advances provided under Integrated Rural Development Programme through the branches of the three sectors, the recovery under specific purposes is better in the co-operative sector in

i Sericulture
The performance of the public sector is found better in:

i. Milch animal
ii. Bullocks and carts
iii. Goat and sheep
iv. Poultry
v. Small business, and
vi. Professional and self-employed

The private sector units fared better in the recovery of advances disbursed under the Integrated Rural Development Programme in case of allied activities to agriculture.

In the purposewise amount of advances outstanding, the private sector branches were found to be having lower amounts than the other two sectors in:

i. Total IRDP advances
ii. Milch animal
iii. Bullocks and carts
iv. Goat and sheep
v. Allied activities to agriculture
vi. Small business, and
vii. Professional and self-employed.

The public sector branches showed a better performance of recovery in Poultry. The performance of co-operative sector found better in sericulture advances.
3 SUGGESTIONS FOR IMPROVING THE PERFORMANCE IN THE INTEGRATED RURAL DEVELOPMENT PROGRAMME.

The following suggestions are made to improve the performance of the banking sector in lending for Integrated Rural Development Programme schemes.

3.1 TO THE PRIVATE SECTOR BANKS

The total quantum of loans and advances under the IRDP may be increased by the banks in the study area.

The private sector banks should diversify the loans and advances to the secondary and tertiary sectors as there is scope for generating more surplus income in this sector.

A cell may be formed comprising technical and skilled personnel like Agricultural Officers and Diploma Holders in Engineering to study the viability of the projects of the beneficiaries in each branch or for a region or zone.

Separate ledgers can be maintained by the private sector banks rather than the present system of accounting so that the performance under IRDP by these banks can be easily verified and analysed.

Genuine IRDP beneficiaries even beyond the operational area may also be entertained by the private sector banks. The amount extended by the private sector banks within their operational jurisdiction may also be increased.
A training programme can also be arranged for the officers of the bank and their staff in the private sector for orientation in the IRDP projects and advances.

A target may be fixed for each branch of the private sector banks under IRDP banking plan for the district and a review of the performance of the branches under IRDP can also be made periodically.

Periodic or multi-stage inspection of the assets provided under IRDP scheme should be done by the officers of the private banks for efficient and successful functioning of the scheme.

Technical and other infrastructural facilities may be provided by the banks through a team of experts appointed for this purpose who will be visiting the branches of the banks periodically.

The number of rural branches may be increased wherever necessary and possible by this sector to provide more assistance to the rural neglected sectors of the poverty struck economy.

For improvement of recovery, an on the spot or house to house campaign for collection of the dues may be evolved and implemented with the help of the voluntary agencies in the local area.
3.2 TO THE PUBLIC SECTOR BANKS

The total quantum of advance under IRDP though higher than in the private sector, is still inadequate to uplift the rural masses. Total advances may be increased to suit the needs of the antiyodaya people.

The staff should be comprising of technical and skilled personnel for identification, evaluation and approval of the various projects under IRDP in every branch of the bank.

Proper maintenance of the separate records for the IRDP advances in the public sector banks can be advocated. Though the system is in vogue in most of the branches, the entire system should be changed so that the entries should be made then and there so as to enable the branches inform about the performance immediately or whenever required.

Door to Door campaign can be adopted to speed up the recovery of outstanding advances under IRDP by the branches.

Special field staff may be appointed for the purpose of recovery and follow up of the IRDP advances in the public sector banks as they were considered to be the important organs for the implementation of the IRDP scheme.

A system of accountability can be evolved and implemented for the officers and staff of the banks in matters like disbursements and recovery of advances under IRDP scheme.
More rural oriented schemes suitable to the village artisans and craftsmen can be assisted by the banks.

3.3 TO THE CO-OPERATIVE SECTOR BANKS

Disbursements under IRDP in the co-operative sector banks is satisfactory. Still it has greater scope than the other two sectors as a co-operative unit is rural based. It could identify more beneficiaries for assistance.

The staff and the non officials have to be motivated through some short term training programmes and incentive system.

There are still more innumerable poverty stricken landless labourers. The co-operative banks may concentrate more on them as it would generate more income and liberate persons from poverty.

The advances provided for bullocks and carts can be accelerated further as this transport system is the nerve centre of the rural economy.

The co-operative banks working in the dry belt of Salem District have to particularly concentrate on the goat and sheep rearing scheme because vast expanses of dry lands are available. Sincere marginal and small farmers could be found out for this project.
Though the banks excelled in the advances provided for the poultry project, still there is scope to find out poultry entrepreneurs from the marginal class.

The co-operative banks have to accelerate their advance operations under the sericulture project. The problems associated with the sericulture project have to be studied deeply and factors responsible for the failure of the project in certain areas have to be given serious consideration. Climatic control and disease free environment proper irrigation system for the growth of mulberry crops etc. had to be undertaken by the banking sector in collaboration with relevant department.

There was no advance made under calf rearing scheme by the co-operative banks. The bank staff must make it a point to extend IRDP benefits by proper identification of farmers for this scheme.

The co-operative banks have to find out educated unemployed youth and get them properly trained for the provision of IRDP advances towards the purchase of power sprayer, agricultural implements, gobar gas plants etc.

The banking personnel under this sector have to be given certain targets for each financial year regarding disbursement, recovery and follow up of the IRDP advances.
The co-operative sector failed to provide enough advance for the handloom projects which was concentrated in the Rasipuram and Tiruchengodu Taluks of the study district. The staff of this sector banks have to be properly advised by the higher ups to extend loans to the needy loom workers.

The co-operative sector has failed in the provision of loans under IRDP services such as assistance towards the purchase of implements for cobblers, barbers, carpenters and also other rural artisans. The real neglected antiyodaya people are the village service workers. The banks have to be properly guided and staff have to be properly trained and motivated for this type of work.

It is a pity that the co-operative sector banks had not at all entered the arena of small business under IRDP scheme. Petty shops, wet grinders, vegetable vendors are some of the avenues for extending finance. It is a wonder how these crying service needs of the society had not been attended to by the co-operative sector banks. Lack of will absence of motivation and risk avoidance are some of the qualities of the banking staff which have to be eliminated by making them accountable to the public under this scheme.

The co-operative sector had not participated under the professional and self employed projects under IRDP. It is
woeful that this golden projects for employment have not been taped by this sector. There is no other go except the motivation of the staff and fixation of targets under each project.

Again the co-operative banks have not advanced any loans for non agricultural purposes and Trysem Schemes. The staff of these sector banks have to be properly trained for this socially committed service of the project.

The beneficiaries have to contacted by the field staff and properly encouraged to repay the dues in time.

A cell for grievances may be created and such of those grievances may be analysed. This will help to improve the performance of the rate of recovery.

Again the bank staff have to properly supervise the utilisation of the loans and the income so generated under the project must be banked. For that a compulsory component of banking of the surplus income generated must be provided for.

The reasons for the slow rate of recovery have to be identified and eliminated by the enthusiastic counselling of the bank staff.

The indolence of the beneficiaries in the repayment of loans could be removed by keeping a proper relationship with the beneficiaries.
The banks must keep in touch with the poultry entreprenuers, properly motivate them to repay the loans and hold periodic seminars and symposiums about the importance of recycling of funds.

The recovery rate under sericulture and allied activities to agriculture of the co-operative sector banks was lower than the others. The field staff have to make periodic visits of the houses of the beneficiaries so as to make them establish proper linkage with the bank.

Intensive recovery drive has to be initiated periodically. Projectwise quantum of recovery and outstanding has to be analysed individually and an integrated approach towards recovery has to be initiated.

3.4 TO THE BANKING SECTOR IN GENERAL

The continuous motivation for bank staff as well as the beneficiaries is a must for the successful outcome of the IRDP projects.

Diversification of loans for innovative productivity based projects has to be made at the earliest.

A cell may be created to monitor the progress of the IRDP projects made by each branch of the three sectors.

Accent may be given on the diversification of the projects under IRDP in consonance with the needs and demands of the area in which the branch is located.
A rural orientation in the recruitment of banking staff may be given at the earliest opportunity so that the elitist approach or arm chair approach may be done away with.

Co-ordination of the loanees with the banking staff, proper counselling on many matters regarding the technological input and timely assistance are the factors which may make the scheme successful.

The attitude of banks towards extending loans and advances to safe and no risk project should be done away with. There should be diversification of the advances for various projects suitable to the area and needs of the people.

IRDP must be implemented with all its spirit and also with the banking conscience. The bank branches have also exhibited stigma and stagnation in the matter of projects diversification suitable to different areas of operation. The bank must have a thorough and unbiased profile of the economy of the operational area.

A careful planning and subsequently a massive macro exercise on the implementation side are needed.

The factors responsible for the spurt in IRDP lending may be deeply studied and identified and this may be brought to the notice of the slow achievers of the other sectors of the banks.

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