CHAPTER V

SUMMARY OF FINDINGS AND SUGGESTIONS

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1 INTRODUCTION

Co-operative credit societies have been playing a pivotal role in the provision of agricultural credit over eight decades. The mounting overdues during the seventies have plagued their progress. Though there were a number of genuine reasons such as drought and crop failure, overdues did not indicate a healthy sign of the development of co-operative credit societies. However due to a number of measures taken by the government, the trend improved with the decline of overdues by the end of 'seventies and in the beginning of' eighties. Now the positive side of the performance of credit societies 'collection' has assumed more significance. Hence this study is an attempt to study the collection of loans by the primary credit co-operative societies.

2 SUMMARY OF FINDINGS

1 The sample credit co-operative societies have made a good progress during the period of study. The total and per society share capital increased during the period of study but per member share capital declined.
The average amount of loans per society has increased during the study period but average loans per member and per borrowing member have declined in the following cases:

a Short term loan sanctioned, disbursed and demand
b Medium term loan sanctioned, disbursed, demand and collection
c Cash credit sanctioned, disbursed, demand and collection
d Commercial crop loan sanctioned, disbursed demand and collection
e Food crop loan sanctioned, disbursed, demand and collection
f Other loans sanctioned, disbursed and collection
g Mortgage loan sanctioned, disbursed, demand and collection.

In the case of short term loans collected by the sample societies, the average per society, per member and per borrowing member declined during the period of study.

The average amount of jewel loan sanctioned and disbursed per society, per member and per borrowing member increased during the study period.
v The average amount of jewel loan demand per society increased during the period of study, the average per member had a marginal increase but the average per borrowing member declined.

vi The average amount of jewel loan collection per society, and per member increased but average per borrowing member declined.

vii The average amount of other loans demand per society, per member and per borrowing member declined during the period of study.

viii The repayment of crop loan and cash credit loans by the primaries to the Salem District Central Co-operative bank is better than that of jewel and other loans.

ix The default of loan per member and per borrowing member declined by societies.

x The medium term loan, cash credit and jewel loan were increasing progressively over the period of study.

xi In general, the collection by the societies showed a steady progress every year during the period of study.

xii Collection of loans by the sample primary credit co-operative societies is fair as reflected in the average collection index.
xiv The following factors promote collection:

a. Literacy of the members
b. Area covered by the societies under the cultivation of commercial crops and
c. Official link with the District Central Co-operative Bank.

xv The factor, distance between the villages and the society affects collection.

3 SUGGESTIONS TO IMPROVE COLLECTION BY PRIMARY CO-OPERATIVE CREDIT SOCIETIES

It would be necessary to improve collection of loans by the primary credit societies in the study area. The following suggestions are made for the purpose:

i. Board of Directors should be constituted for the primary credit societies through elections.

ii. Personal contact of the Directors with the borrowing member at the time of harvest and marketing would help the recovery process.
iii Necessary follow up actions should be taken by the societies after sanctioning the loans. These actions should ensure proper utilisation of the loans for the purpose for which they were sanctioned. They should also aim at helping the members to overcome the problems in cultivation.

iv The interest accumulated over long periods should be written off as an encouragement for clearing off the loan.

v Charging of compound interest should be discontinued.

vi There is scope to improve recovery process by providing special allowance to society staff based on the amount of collection by them.

vii The unnecessary delay in sanctioning loan may be avoided so as to ensure timely availability of credit.

viii Period of repayment may be extended in case of crop failure.

ix Adequate storage facilities for storing the produce may be provided by the societies to enable the members wait for higher price.
It is pertinent here to note that only one sample society has implemented the suggestion of the All India Rural Credit Survey Committee relating to linking of credit with marketing. That society also provides marketing yard facility to the members who can utilise the same at their pleasure. The society does not insist on marketing of the produce through it nor does it maintain contact with any marketing society.

In order to improve collection it is suggested this recommendation of All India Rural Credit Survey Committee should be implemented strictly and seriously. They should maintain contact with the nearby marketing society for the purpose. They should get an undertaking from the borrowing member at the time of sanctioning loan that they should market only through the society. At the time of harvest the credit society should arrange for marketing the produce through the nearby marketing society with an instruction to the latter to recover the loan dues from the sale proceeds. Unless this recommendation is implemented the collection of loans by primaries will never improve.
The political interference is an important hurdle for the recovery of loans by the primaries. These political elements should be kept away from the management of the primaries. The members should be educated properly so as to make them not to believe the election promises in this regard and in the utility of prompt repayment of loans in all possible ways.