CONCLUSION

The indepth survey of various credit institutions engaged in the development of Agricultural Economy of the State of Jammu and Kashmir (from 1954 to 1980) leads to a logical conclusion that the supply of credit has not kept pace, with the demand, generated by introduction of modern scientific technology in agro-production techniques. Further, the analytical study of institutional finance mechanism has conclusively revealed the paramount importance of credit as an ingredient for maximisation of welfare of the community, amidst two dangers to the nation viz., unemployment and price spiral.

The study in unequivocal terms brings to light that both cooperative and commercial banks have not functioned as efficiently as was expected of them, because of their inherent structural and functional weakness as well as administrative and political interferences. Whatever progress was achieved in the First Cooperative Decade has been eroded during the second cooperative decade. In fact the very infra-structure harnessed to the wheels of developmental process in the core sector has reached a stage of imminent collapse.

The sector-wise performance of agricultural...
financing institutions has amply brought out the existence of a yawning credit gap which, if not filled up, is likely to bolster up the traditional sources of non-institutional credit. After consolidating the District credit plans of the State, ending December, 1979, the credit gap works at Rs. 35.34 crores for agricultural sector as difference between commitment and performance. The cooperative and commercial banks could achieve only 13.6 percent and 13 percent respectively. The shortfall is due to various constraints discussed in the thesis. The projections for 1982 are Rs. 22 crores for short term alone and thus the gap is likely to increase.

The dictum that "cooperatives have failed but they must be made to succeed" though age old, is still relevant to the present situation in Jammu and Kashmir State. The question that emerges is how long we bear it as a failure and how to arrest the causes leading to the failure of the movement. It has however, been accepted by planners, administrators and bankers alike that cooperative mechanism alone is suited to the Indian conditions - having mass appeal and rural bias. The State Government it appears, has lost good time and in fact has been very late to achieve the optimum utilization of oceans of credit supply and developmental loans from national level agencies like R.B.I., A.R.D.C., N.C.D.C. etc.
In the ultimate analysis the study focuses two broad conclusions:

1. To perform a major operation in the existing credit set up or

2. To reshuffle the entire rural banking structure by setting up of State Bank for agriculture and rural development.

Opportunity time for this reshuffle or re-structuring is coming fast in the wake of establishment of National Bank for Agriculture and Rural Development for which necessary legislation has been introduced in parliament in August, 1961.

There can be no two opinions about revitalization of the entire credit mechanism, fundamental for achieving goals of self sufficiency in food production. Short of a social revolution valuable suggestions have been made at the end of each chapter. However, main out of these are:

Under Chapter 3rd the desirability of recalling deputationists to parent departments has been highlighted. Fresh recruitment should be made from open market to ensure professionalization. There is immediate need for having professionalized management in the State Cooperative Bank and Land Development Bank and in the Central Cooperative Banks which are infested by bureaucrats who seldom can
become technocrats. Unless key institutions are managed by professional personnel, modernity and efficiency and even integrity can never be expected to be drawn in such institutions.

The malady of overdue that has taken deep roots in the entire credit structure has been discussed in chapters relating to Cooperative Banks. Need is urgent for assessing repaying capacity at primary level in respect of every borrower. In hard cases where capacity to repay is lacking, outright relief must be provided by the State. The Chief Minister has also indicated need for this realistic approach to overdue / bad debt problem. In cases of wilful default stern legal action must be taken to save the cooperative structure where in lies the security of our democratic system. As a trial measure a limited number of arbitration cases should be referred by Registrar to concerned Panchayat courts which have got judicial powers. This will facilitate quick disposal and even repayment due to local moral pressure. Incentives for good recovery should be introduced like rewards, advance increments, etc., and deterrent action should be taken against the staff whose performance is below the mark. Special recovery squads should be mobilised who should by moral persuasion achieve satisfactory results in recovery work.
Elections are the soul of cooperative management. Immediate elections are recommended to be held where they are overdue, from primary level to the Apex. The nominated Boards should be replaced by elected Boards in the Central Cooperative Banks and also in the Land Development Bank. The Department should hesitate to remove elected boards on petty allegations as has been the case so far with respect to Jammu, Baramulla Central Cooperative Banks and with Land Development Bank. Losses incurred by institutions managed by Authority appointed by Government and even by institutions managed by deputationists are the direct responsibility of the Government. If a Board of Management is found inefficient or undesirable there is no legal bar to hold mid term election and elect a fresh Board without involving Government responsibility. Cooperative Institutions are in fact basic democracies and if democracy has to survive in the country, Cooperative Societies should not be strangulated to death.

In Chapter IV, while discussing in detail the financial condition of the Central Cooperative Banks it has been found that each bank has consumed its owned funds, including the basic share capital of members. They have grown hollow institutions and their re-structuring is absolutely necessary if their image is to be maintained. It is suggested that either they should be re-habilitated
to the extent of bad debts suffered under short, medium and long term loans or they should be re-designed as branches of a State Bank for Agriculture and Rural Development to be organised in the State.

In chapter V it has been recommended that supervision should be re-transferred to the department. The exercise of de-officialisation by transferring supervision to banks has proved a sad experience. Before such transfer of supervision overdues in cooperatives hardly exceeded 20 percent. After transfer of supervision to banks overdues have exceeded 50 percent and even touched 60 percent in almost all societies. The official position of the grass root worker — the supervisor counts a lot when he represents the department and losses a lot when he is at the mercy of the politicians made cooperative leaders. In the same chapter suggestion is made to transfer audit of cooperative institutions to the Accountant General, who is watch dog for public funds. Now that cooperatives big and small are heavily financed by Government as share holder to the extent of 50 percent, the concept of having departmental audit on cooperatives is out of date. Embezzlements, misappropriation of funds in cooperatives by and large, has become the rule of the day only because the departmental auditor is directly or
indirectly a party to the loot. Strict vigilance by Accountant General on Cooperative funds is as important as on other public funds and so called democratic control is a myth which must be shuttered if cooperatives have to succeed as business institutions.

Member education is a vital subject, an important input for cooperatives to succeed. A half hearted attempt has been made by Cooperative Union in this field but with no success. A full fledged campaign must be made and each block covered under the scheme of Cooperative Education for members and Committee members. Unless an awakened membership is created, sufficient funds from whatever source will always fall short and cooperatives will never succeed to emerge as a viable business sector. The State should come forward in a big way to launch member education campaign.

The germs of trade unionism that have lately entered the cooperative services both official and non-official cadres in the State have created an atmosphere making it difficult if not impossible, for cooperative managements to fulfil their responsibilities. A supervisor, a salesman, a sub-auditor and an Assistant Registrar farming a trade union is a combination of two extremes. This unionism has been eating the marrow of the cooperatives.
The Government must ban trade unionism in cooperatives and declare cooperatives as essential services.

Under chapter VI the isolated procedure of verification of loan applications by Land Development Bank has been highlighted and suggestion given for creation of a hot line between primary society and the Land Development Bank in so far as sponsoring of loan applications, utilisation of loans sanctioned and their recovery is concerned. Instead of segregating the two cooperative agencies for short and term loans this hot line is going to bridge the gap between them.

Under chapter VII attempt has been made to bring home to the commercial banks in the field of agriculture which have head-quarters outside the State. It is the local talent that should be employed in the field as branch personnel that will save them from the difficulties that they are afraid of. By comparing the performance of Jammu and Kashmir Bank Ltd., who have entirely local talent in the field and have no overdues, the scholar has tried to convince the said commercial banks that a branch manager who suffers from language problems and lack of local knowledge, can hardly deliver goods in a situation in which he is not mentally and appititudinally satisfied.
Under Chapter I the scholar has drawn the attention of the authorities in the State to the vast oceans of assistance available from various National level refinancing/ developmental institutions like Reserve Bank of India, Agricultural Refinance Development Corporation and National Cooperative Development Corporation. It has been established by facts and figures that the State Cooperative Bank as well as Land Development Bank and Central Cooperative Banks have failed miserably to avail themselves of the loan/ refinancing facilities from R. B. I. and A.R.D.C. The role that the N.C.D.C. is destined to play in removing the imbalances of growth from which the State suffers has been amply illucidated. It is recommended that the State Government must be ready to utilize services of the institution in changing the destiny of millions of our weaker sections, the fishermen in our great lakes, the saffron growers, the sheep breeding millions of Rajouri, Poonch, Doda and Udhampur districts etc. The authorities Incharge of these financing and developmental agencies have always blamed our weak institutional management for not availing of their vast services.

The cooperative sector banks like commercial banks should constitute recruitment boards to:
a. Lay down policy and procedures pertaining to the recruitment of staff by prescribing minimum qualification and experience necessary for various posts and

b. Interview candidates preceded by a written test and recruitment of persons for various cadres.

After micro analysis of the two State level cooperative banks for short and long term credit under chapters three and six, it is found that both institutions are financially and operationally very weak and their separate existence has been a source of waste. Therefore, their functions should be combined under one roof, on the basis of the Delhi State Cooperative Bank. The State Cooperative Bank should have two departments, one for supply of long term loan and another for short and medium term credit under a single roof and one management. This State is recognised as a Cooperatively backward state and we should not indulge in following the pattern of Maharashtra or Punjab States.

Under the re-structuring strategy of the entire credit mechanism, it is suggested that State Bank for Agriculture and Rural Development should be set up in J & K with its branches at District/ Block level. The proposed bank should be designed to meet credit needs
both short, medium and long term of farmers of all categories and other unwilling partners like the Commercial Banks be relieved from the responsibility of financing agriculture. This will provide Renovated Agricultural Credit Mechanism in the State subject, however, to the scaling down of such cooperative debts as are found beyond repaying capacity of small farmers.

Summing up, conceding the important role of institutional credit in serving the Agricultural Industry in the years to come, much depends on how best the suggestions made in the thesis are implemented by the authorities in charge. Given the will to work, dedication to the movement, and a cleansed administrative set up, the goal set for self-sufficiency in food production and for socialistic pattern of society can not be far away.