CHAPTER XI  
SUMMARY OF FINDINGS AND RECOMMENDATIONS

The study is based on the performance of sample UCCSs of the Ahmednagar district and essentially a socio-economic in nature. The UCCSs are organized for rendering a package of banking services to the members associated with these societies.

After studying the contribution made by these societies regarding membership, share capital, deposit mobilization, loans and advances, socio-economic educational and cultural activities, the following conclusions are drown and recommendations are made.

(A) FINDINGS REGARDING DEPOSIT MOBILISATION :-

Deposit mobilization is one of the prime function of the sample UCCSs. Higher increase in deposits reflects on the splendid success in winning the confidence of the people at large and so also the efforts taken by these societies to encourage thrift. The study reveals that-
(i) The performance of the sample UCCSs regarding deposit accumulation seems to be quite impressive indication intensive efforts made to mobilize deposit from the weaker and middle class people.
(ii) These societies have introduced and implemented different types of special attractive deposit schemes in their area of operation. The trend is increasing not only in terms of aggregate but also in terms of per society and per branch.
(iii) The depositors are found quite satisfied with various deposit schemes and services given in this regard.
(iv) Unhealthy competition is found in these societies regarding deposit collection, particularly paying different rate of interest, period variations in double amount deposit schemes and similar others.

RECOMMENDATIONS:-

In order to increase more and more deposits, the following suggestions are made

(i) SELECT SUITABLE LOCATION FOR SOCIETY: -

The concerned society should find out the potential areas for opening the society or its new branch / branches at new localities, industrial Estates, Market yards, central (Heart) place of the city etc. considering the feasibility and the viability aspects and the availability of pre-requisites for running societies functions more successfully.
(II) STUDY THE DEPOSIT SCHEMES OF COMPETITIVE AGENCIES

The deposit schemes of Nationalized Banks, other co-operative Banks, Post-office, Investment company’s, SBI, UTI and ICICI Banks, LIC and other UCCSs, etc. should be studied thoroughly by the UCCS concerned and then after should introduce and implement its own attractive special deposit schemes.

(III) ENSURE INSURANCE PROTECTION TO DEPOSITS:

There may be fear and doubts in the minds of depositors where the society will refund back their deposits as on maturity date or as and when required. Therefore the society should promise and ensure the return of their deposits in time by accepting the membership of MS.CO.OP.Deposit Guarantee Corporation Ltd (DGC).

(IV) OTHER SUGGESTIONS:

• Arrange door – to- door campaign for deposit collection.
• Wide publicity & Advertisement of deposit schemes.
• Arrange Lucky – Draw scheme for depositors
• Organize depositor’s day and meet.
• Well – furnished, computerized office.

(B) FINDINGS REGARDING LOANS & ADVANCES PORTFOLIO:

Lending is one of the main secondary and most important profitable function of the UCCSs, because loans and advances carry a high rate of interest. The findings regarding this is as under-

(i) The sample UCCSs have implemented various types of loan schemes i.e. productive and unproductive, short-term and medium-term schemes for the needy people of the area.
(ii) Increasing trend is found in this regard, the majority of the sample UCCSs have financed loans for vehicles and on mortgage of gold.
(iii) The beneficiaries are found satisfied with the loan schemes of these societies.
(iv) It is found that the rate of interest charged by these society on all types of loans is quite high than the banking industry, still the borrowers have preferred these societies for loans. It is the matter of thinking, how they bear the high cost of loans?
(v) It is also observed that few societies have worked as loan disbursement centers only ‘. Recovery of loan is neglected by the society.

**SUGGESTIONS: -**

The following suggestions are made as far as sound and solid loan policy.

(i) **POST- CREDIT SUPERVISION: -**

Post credit supervision should be made to ensure that the loan is utilized for that purposes and also to check the unproductive use of loans by the borrowers.

(ii) **IMPROVE THE LOAN PROCEDURES: -**

Considerable improvements have been brought about in the application form used by the UCCSs in recent years. Further simplification needs to be explored so that the maximum number of questions is put and document called for.

There is unusual delay in the sanction of loan as Board of Directors do not meet in time. Several formalities are to be completed before sanctioning the loans. The loan application passes through different stages. Therefore time consuming procedure of loan sanction should be improved and simplified to speed up the loan disbursement.

(iii) **KNOW YUR BORROWERS: -**

The financial records should be systematically up-dated and the borrowers given ‘pass-books’ showing the up-dated position in regard all details of financial position of them. Besides, all liabilities, encumbrances and borrowing from other institutional sources are included in the passbook so that a certified passbook would meet all the required reference for the societies lending money.

(iv) **APPOINT SUFFICIENT STAFFS: -**

The close personal contact with the loanee and lending societies needs to be further fostered. This would need sufficient staff with the right orientation and training at the field level.
(v) CO-ORDINATION AMONG UCCSs :-
It is also necessary to ensure a larger degree of coordination among all the UCCSs regarding lending to the borrowers. This would avoid double financing to the loanee concerned.

(vi) SIMILARITIES IN LOANING & RECOVERY POLICY :-
The procedures involved in different UCCSs need to be periodically reviewed with reference to lending and recovery policy adopted by them. How best this can be done should be looked into by all the UCCS together through mutual consultation so that disbursement of credit and recovery can be made speedily.

(vii) DOCUMENTATION :-
All essential and legally required documents before sanction and disbursement of loan should be collected from the concerned borrowers. The paper work involved at different levels / stages needs to be reviewed and rationalized.

(C) FINDINGS REGARDING LEVEL AND TRENDS OF OVERDUES ;-
The study revealed the overdues in UCCSs were on the high side, including irrigated and non-irrigated talukas of the district.
(i) An analysis showed that all borrowers behave more or less alike in the matter of repayment of their dues in time and that overdues were prevalent in all the categories of borrowers with only marginal variations, Default is thus, universal and prompt repayment exceptional in any of the categories.
(ii) The comparative analysis of the position of overdues of the sample UCCSs operating in irrigated talukas and non- irrigated talukas showed that while adverse geo-physical and agricultural conditions might act as impediments to recovery to a certain extent, high levels and consistent defaults could not be related so much to a taluka being ‘non irrigated’, but to the financial weakness and operational inefficiency of the sample UCCSs in the concerned talukas.
(iii) The general backwardness of the taluka or the occasional occurance of natural calamity in an otherwise developed talukas had served as a pretext for widespread willful default.
(iv) Members of the managing committee of sample UCCSs have shown a general apathy in the matter of recovery of loans. Few of them were
defaulters. The managements have not initiated coercive action promptly, wherever persuasive measures failed.

(v) The conclusion appears to be inescapable that lack of will and discipline among borrowers to pay were the principal factors responsible for the prevalence of overdues in the sample UCCSs. Defaults were by and large willful.

(vi) The deficiencies in lending policies especially inadequate and untimely credit or over-financing or lack of supervision over the end-use of credit, fixation of unrealistic due dates and what was worse, financing of defaulters had encouraged defaults and led to piling up of overdues. At the same time, some of the deficiencies in the lending policies like low scale of finance, delays in sanction and disbursement to some extent caused the problem of overdues.

(vii) The attitude and certain policies pursued by the state Government have created a very unfavourable climate for repayment of cooperative dues. The decisions of the Government to write off their loans have created an impression among the defaulters of cooperative that their loans also need not be repaid.

(viii) It is found that the overdues reported by UCCSs did not represented the real recovery position since many of them resorted a book adjustment of different types and of varying degree, to camouflage the real position of the overdues with a view to presenting a better financial and operational picture.

(ix) It is found that favouritisms and carelessness created hurdles in the recovery of loans.

(x) The problem of low recovery and high overdues is arised due to the lack of follow-up measures even the loan become past due, political interference, vested interest, mis-utilisation of loans, natural calamity and others.

(xi) The success or failure of recovery campaign depends to a great extent up on societies management. Passive role of management leads to overdues. The management of the few UCCSs are found not so active in recovery matter.

(xii) It is also observed in study period that non-estimate of repaying capacity of the loanee created recovery problem to few UCCSs. The repaying capacity of beneficiaries not assessed on the basis of his total income and expenditure.
(xii) It is also seen that society officers were not sincere in implementing the recovery procedures with effective measures in time.

**RECOMMENDATIONS FOR RECOVERY OF OVERDUES:**

The following suggestions are put forward with a view to removing the constraints discussed above so that the sample UCCSs in general and sample UCCSs in particular can play an effective role in realizing their objectives:

**(i) MANAGEMENT, BE DYNAMIC:-**

It is observed that the directors of UCCSs were generally not as much alive to their role of management or to the need for their direct and active participation in the matter of recovery of loans as they should have been. It is recommended, therefore, that the role of directors of UCCSs should, among other things, be dynamic, so as to promote an atmosphere for voluntary repayment by the borrowers and even to exert pressure for repayment when it is not voluntarily forthcoming. The primary responsibility for the recovery of loans is that of the non-official management of the UCCSs, who should be aided in this task by the executive and supervisory staff of the society concerned.

The management should with assistance of the cooperation Department and the state Government continue their efforts with zeal to ensure the recovery of the over dues of the society.

**(ii) CONTROL OVER SALE OF PRODUCT**

In order to introduce a degree of automatically in the recovery operations, suggest an arrangement where by every borrowers should under law be required to obtain the permission for the transfer / sale of their products in a prescribed form from the UCCSs concerned and no borrowers / producer, whether member or non-member should be permitted to offer his produce for auction/ sale in a Mandi / Regulated market unless he produces the certificate from the society. The certificate should indicate the amount recoverable from the producer / borrower by the society. A non-borrower member / members certificate will show ‘nil’ dues to be recovered. It should be made obligatory on the part of the Mandi / Regulated marked to recover the dues to the society or 50% of the sale proceeds, whichever is less, and remit it to the society concerned. The loans paid to farmer community may be recovered by this method from the co-operative sugar factory/ Drary society.
(iii) COMPULSION OF ‘NO DUES CERTIFICATE’ (NDC): -
Borrowing from Multi Agencies leads to incurring of dept beyond capacity of the borrowers or for inter agency adjustment without any productive purpose in view need to be cheked by demanding NDC from the loanee. It will be helpful in solving the problem of over dues to some extent.

(iv) NO REFINANCE TO DEFaulTERS: -
The defaulters of the society should not be refinanced in any circumstances. He should not be accommodated either through benami transactions or book adjustment or through another members of his own family. Besides the defaulters and his surety should be denied fresh credit by not only the concerned society but also other UCCSs located in the area.

(v) COERCIVE ACTION AGAINST WELFUL DEFaulTERS: -
Recourse to coercive action for recovery should be really only as a last resort and that too in extreme cases of recalcitrance No mercy should be shown to willful defaulters.

(vi) ARRANGE TIME BOUND PROGRAMME FOR RECOVERY: -
The UCCSs should chalk out time bound programmers for the speedy recovery of the arrears and for keeping them well within limits in future and vigorously pursue their implementation.

(vii) APPOINT SPECIAL RECOVERY OFFICERS :-
The concerned society should appoint efficient and active personnel’s (Recovery officers) for the recovery of over dues and provide them some incentives based on their performance.

(viii) MONTHLY REVIEW OF LOAN A/CS :-
The society should make a monthly review of loan accounts and prepare the list of defaulters. They should be immediately noticed regarding the dues.

(ix) CONSTITUTE ACTION GROUP: -
The management of the society vests in the hands of Board of Directors of the society. Recovery of overdues is the prime responsibility of them. Each director should be entrusted the responsibility of recovery as per ward wise / locality where from he is elected as director of the society Because the defaulters may be identical or associated with him.
(x) NEEDS, TO REFORM RULES AND REGULATION OF RECOVERY: -

The state Government should pass effective and stringent rules and regulation for recovery of over dues. There is need to issue 'Recovery Certificate/ to the concerned society as speedy as possible.

(xi) NO POLITICS IN RECOVERY: -

The success or failure of the cooperative institutions depends to a great extent upon its leaders. The leaders (politicians) should take positive interest in the affairs or the recovery without considering the political groups, caste, religion, friends and relatives. They should create the appropriate climate for recovery.

(xii) ADOPT PRIORITY BASED LOAN POLICY: -

It is suggested that UCCSs should adopt sound and solid loan policy. The management should consider recovery function is most important function as lending. Therefore they should finalize different segments of priority regarding the lending policy. They should try to create balance between productive and unproductive, short – term and medium term loans.

(D) FINDING REGARDING SOCIO-CULTURAL & ECONOMIC ACTIVITIES:

The main reason why the members feel a close affinity and a strong sense of belonging towards UCCSs is that these societies have introduced various types of socio-cultural, economic activities for the social upliftment of the community. The reactions of the members regarding these activities are as follows:

(i) All the sample beneficiaries remarked that they are satisfied with socio-cultural & economic activities conducted by their society.
(ii) Few of them told that by conducting these activities societies has created its good image and publicity in the minds of the common people of the area.
(iii) Though it is a subsidiary function of these societies but it is a admirable thing as far as their role is concerned.

SUGGESTIONS: -

On the basis of social contribution of these societies, it is suggested that these societies should provide such facilities, which
would be beneficial for a long period not only to the members but also whole community residing in society area facilities like-
(i) Community Hall.
(ii) Ambulance & Hospital services.
(iii) Permanent free water tanker facilities / Boar well or Pan-Poi at public places such as S.T.stand, Railway station, center place of the city.
(iv) Library & Reading facility.
(v) Permanent merit scholarship or education loans for Higher, Technical, Medical education of the economically poor students.
(vi) Donation in the form of computer sets, sports materials to the school & colleges.
(vii) Adoption of orphan (one or two) for their future education.

(E) OTHER FINDINGS: -
(i) Few societies have provided different types of services to their members, such as safely lockers facility, phone & light bill collections, sending D.D. through other financial institutions. Gold loan facility, computer training facility etc.
(ii) Societies located in sugar belt area have supplied free of charge or at reasonable rates necessary items every year at the time of ‘Depavali’ festival and shared in their happiness.
(iii) Recruitment of employees is made as per the rules and regulations.
(iv) Meetings were conducted peacefully as per the provision of byelaws of the society.
(v) Member’s participation in business and management, particularly in Annual General meeting of the society was much less as compared to total number of members of the society.
(vi) Many societies are established by the political families of the district. Its impact is positive as well as negative on this movement.
(vii) There is a distinct lack of leadership in the few UCCSs. The entire UCCS movement is out of tract from their basic motto due to ineffective leadership.
(viii) In few cases, the elected Board of Management do not have minimum banking knowledge which is quite essential for successful conduct of affairs of the society.
(ix) It is very pathetic to note that in majority of UCCSs most of the staff and board of management members do not know recent concepts of NPA, MIS, IT, Asset liability management method etc.
(x) Most notable thing is that these societies have created employment opportunities to the educated youths and assisted to minimize unemployment problem to some extent through the urban economy.

(xi) In the ultimate analysis, the most outstanding defect, which is the root cause for poor performance of few UCCSs, is in the area of management. Few societies are sick due to lack of good and efficient management.

**SUGGESTIONS:-**

It may be concluded that although the UCCSs had made considerable progress and contribution in socio-cultural activities has been appreciable, their overall loaning performance has not been upto the mark on account of numerous bottlenecks.

**(i) WATCH DOG BODY:**

Apart from board of directors, a separate watchdog body/committee should be appointed to look over the affairs of the UCCS. Persons with vested interest should be punished and methods of management should be reassessed from time to time to ensure that the progress of the society is in the desired direction.

**(ii) HUMAN RESOURCE DEVELOPMENT:- (QUALITY IMPROVEMENT )**:

It is the skill and trained personnel who will provide critical inputs in the decision making process. For ensuring the better management of the society the quality of the employees in the UCCSs should be according to global standard. For maintaining the quality of the employers and employees the standard practice of recruitment and training must be adopted. Instead of political base, the cooperative society must have a social base social relevance in each decision of the cooperatives should be maintained. Office bearers should receive through training in co-operation before the assumption of the office. The society should chalk out a specific programme for the development of their human resources. There should be built in mechanism of sending the office bearer for necessary training soon after they are elected to the office. Such training is vital for the chairman and the vice-chairman in particular and the members of the managing committee in general.

They should be trained up not only in the principles, practices and policies of co-operation, but also in the laws governing the co-operative. They should be trained in accounting procedures and the procedures of
conducting meetings. Special arrangements like short courses, lectures, exhibitions, film-show, T.V. and Radio programme should be made available to them.

(iii) TRAINING TO STAFF MEMBERS:-
Different types of training with more emphasis on 'Computerized Accounts keeping, 'ledger Maintenance, Information Technology (I.T.), NPA, MIS, Auditing should be insisted upon for the staff members. This training should be in-service, they can be sent for training at the expenses of the society. They should be allowed to join their posts only after a successful completion of training.

(iv) OPENING OF BRANCHES:-
The UCCSs should adopt a cautious and slow policy in opening of branches after improving the quality of the staff and supervision. It is understandable that new UCCCs should consolidate their positions and therefore, should not open more than two branches in the first two years.

(v) EFFICIENT MANAGEMENT:-
The survival and growth of the UCCSs movement, indeed, depends on efficient management. The genuine leadership quality, therefore, is an essential ingredient for efficient management of the society and its growth.

The president should be elected from among the seniors, experienced and more service oriented persons. It will help to remove vested interest in the management and ensure that the economic benefits flow on a large scale to the weaker sections of the community.

(vi) RECRUITMENT POLICY:-
The UCCSs are not able to secure the services of competent and efficient staff because the terms of service are not attractive. So the highly skilled personnel are not attracted towards these societies. Moreover, the selection procedure is influenced by consideration of local patronage and some time, personal favoritism.

To complete with the other financial agencies and to fulfill the growing demands the UCCSs are required to change their present recruitment policy. In short, they should have a scientific recruitment policy.
(vii) EMPLOYEES PARTICIPATION IN DECISION MAKING:-
Employees participation at the decision making process is of vital importance today. They should feel that importance is being given to them. They should not feel isolated, ignored or neglected. The society should try to inculcate a sense of weness or in other words ‘belongingness’; Reward in the shape of financial incentive to the deserving employees can boost their moral and at the same time can act a motivation factor.

(viii) BALANCED GROWTH & DEVELOPMENT OF UCCSs MOVEMENT:-
There is need to check regional imbalance in the growth and development of this movement so as to wide-spread their benefits to the neglected areas. It is be suggested that the local leadership should take initiative to organize the UCCSs in their areas. There is much scope in non-irrigated backward area for the development of such types of credit institutions.

The department of co-operation of the backward regions should come forward to encourage the new UCCSs and give the support to the existing societies to open the branches in the so-called regions.

(ix) STRUCTURAL ARRANGEMENTS: -
The creation of viable societies is the at most importance from the point view that they can keep the levels of over dues low and have greater capacity to absorb over dues.

It is recommended that the state government should take urgent steps for restructuring this type of credit societies. The process of reorganization of the liquidated and non-viable UCCSs and organization of new societies by amalgamation, voluntary or compulsory, of two or more existing weak societies into a strong society is needed. Winding up of inefficient and weaker societies or merging them into strong ones is the requisite of the time.

(x) IMPROVEMENT IN QUALITY IS THE NEED OF TIME:-
Today multinational banks and financial institutions make use of computer and communication technologies in order to expand their reach and offer technology-based products to a wide range of clients. The technology advancement leads to improving operational efficiency, cost effectiveness. There has been made technical revolution in banking industry such as ATM, Notes counter, Cyber trading, Internet banking,
Tele banking, scanner, Cheque Truncation, Anywhere banking etc. The ever-growing technological advance helps bankers in managing voluminous transaction with better efficiency, increasing the earning capacity, minimizing cost of operations in all possible ways.

In a competitive banking sector, for the survival and existence the UCCS should try to improve their quality of work and services by accepting advanced technology to fulfill the expectations of the various types of customers. In the world if the present trend of these societies not improved or changed, perhaps the UCCS movement may become a white elephant by the end of this century.

(xi) FINACIAL PACKAGE SHOULD BE MADE AVAILABLE:-

The key parameters denoting financial health of the UCCSs are share capital, loan business, recovery of loan, management costs, accumulated losses etc. The state Government has to initiate long term measures for restructuring the operations of the UCCSs with suitable and adequate Financial and administrative assistance. A special UCCSs Development Fund should be created in this regard. The UCCSs should be funded at lowest rate through this development fund.

CONCLUDING REMARKS ON UCCS MOVEMENT :-

The UCCSs movement has emerged as a distinct sector of the Indian economy and as an important agency / instrument of socio-economic transformation and development of the country’s urban and rural economy. Cooperative has succeeded in transforming to maximum extent the economy of rural and urban areas in the state of Maharashtra. With increasing number of UCCSs aiming at improving the conditions of the weaker and poor section of the rural and urban areas there appears to have taken place at least some improvement in the conditions of some of the weaker sections of the community.

The cooperative movement, particularly cooperative credit movement, in spite of all its remarkable progress recorded (quantitatively) so far, still shows many distressing features, such as undemocratic management among many cooperatives, increasing influence of the Government, political interference, lack of operational efficiency, regional imbalance in development etc.

This movement would have to face the challenge of free market economy. This new challenge can be successfully met by the UCCSs when the movement develops itself and functions as a sound and
coherent economic system by following the principle of “co-operation among cooperatives”. This means they will have to be inter-sectoral and inter-institutional working coordination within the cooperative movement itself. Isolated working of different cooperative units would surely weaken, their position and infact, weaken the whole cooperative framework. This would involve on the part of cooperatives necessary structural reforms, new working conventions and a new set of bylaws.

Further, the cooperative credit movement itself should undertake for itself macro and micro-level planning for its growth with specific objectives and targets to be attained within a fixed time span.

Another important aspect that needs urgent attention for the revitalization of this movement is that the state federation of the UCCS should be more active in getting favorable amendments from the state Government.