Chapter No. 07

Conclusions and Suggestions

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Introduction:

The present study intends to analyze the critical evaluation of cooperative sector in India as well as in Maharashtra. It is now increasingly recognized that the co-operative system in India has the capacity and potentiality to neutralize the adverse effects emerging from the process of globalization. After economic liberalization under the new economic environment, cooperatives at all levels are making efforts to reorient their functions according to the market demands. The failure of the public sector in several cases is a worrisome trend. Privatization has also failed to make an impact in the rural areas. Therefore there is great hope on the cooperative sector. The study examines the causes of slow progress and highlights the emerging role and challenges of the cooperative sector. In comparison to the step-motherly treatment of the past, cooperatives are now considered an important plank of development. The government is committed to cooperative development. The cooperatives have inherent advantages in tackling the problems of poverty alleviation, food security and employment generation. Cooperatives are also considered to have immense potential to deliver goods and services in areas where both the state and the private sector have failed.
Co-operatives have lot of achievements to their credit in bringing about socio-economic improvements in various sectors of Indian economy. It is found that the management of District Central Co-operative banks in Maharashtra has succeeded in mobilizing the total deposits collected by them from member societies, individuals and other co-operative societies during the study period i.e. 2000-01 to 2009-10 due to the growth in owned funds as well as growth in total assets of the DCC Banks.

Technology has made tremendous impact on entire banking sector, which has thrown new challenges, due to which cooperative banks are constantly exposed to competition and risk management. Therefore, they need a combination of new technologies and better processes of credit and risk appraisal, treasury management, product diversification, internal control and external regulation along with infusion of professionalism. In the present business environment, the cooperative banks should be backed by democratization, depoliticisation & decentralization so as to make them competitive. Thus, there is urgent need for transformation in the mindset, identity, business operations, governance and systems & procedures, which will definitely boost the morale of cooperative banks to face
environmental challenges. The bank has not effectively utilized its working capital and controlled costs. The study has revealed that the financial viability and profitability of the bank is declining.

The researcher has presented the study with the hope that it would be helpful to many individuals as well as institutions, directly or indirectly connected with the co-operative banking system, especially the study unit. An earnest appeal is made to the Nashik District Central Co-operative Bank to take into account all the findings of the present study for its future plans and for improving its performance in the years to come. The issues identified in the present study would provide a sound theoretical and analytical background for the future researchers in District Central Co-operative bank.
Conclusions:

The study unit, Nashik District Central Co-operative Bank Limited has been functioning in Nashik district. The study has analyzed the functioning of the bank with regard to deposit mobilization, issue of loans and advances, recovery of loans, financial aspects and views of employees regarding the working performance of the Bank. The data required for this study were collected through primary and secondary sources. The functioning of the study unit has been quite impressive in terms of deposit mobilization and credit deployment. But the bank has failed to arrest the overdue position and strengthen the share capital base. The bank has not effectively utilized its working capital and controlled costs. The study has revealed that the financial viability and profitability of the bank is declining. Hence, the success of the Nashik District Central Co-operative Bank in the future will depend not only upon the development of primary societies but
also on the extent to which it is able to mobilize rural savings and recover the outstanding loans.

- The Nashik District Central Co-operative Bank has been registered as a Co-operative Society under the provision of the Bombay Co-operative Society Act, 1925.

- The functional area of the Nashik District Central Co-operative Bank is restricted to only revenue district i.e. Nashik District only and creation of this bank is with the purpose of providing credit to primary co-operative societies which came under its control.

- Short Term Agricultural Credit is a key area of the DCCBs operations and could be considered a mandate of the bank. The needs for short term credit or crop loans have an overriding priority in DCCB loans.

- Kisan Credit Card is an innovation brought about in the banking system to make short term credit to farmers easy, convenient and flexible.
• The bank provides credit to primary Co-operative credit societies in their districts and helps the farmer indirectly.

• The flow of credit of these banks is only to those primary co-operative credit societies, which are financially, sound and this flow of credit is more than expectation. Primary Co-operative credit societies which are financially weak and which require the district central co-operative banks ignore financial help.

• Lack of training, refresher courses, to the staff members of the N.D.C.C.B.s the staff of the bank not in update of the knowledge about computers, advanced technology etc.

• N. D.C.C.B.s are less equipped as regards banking facilities i.e. computers, A.T.M. Machines.

• Less educated persons are working on high administrative posts in D.C.C.B.s.

• In the year 2000-01 the total member of the branches was 201 is increased up to 213 in the year 2009-10. During the period
the study shows the 5.97 per cent increase in the total number of member of the bank. Out of these branches 3 branches were opened at morning and evening time, 9 branches were opened on Sunday. Other than these branches at 5 places extended facilities are available and at 1 place pay office are provided for customer convinces.

- In the year 2000-01 the total member of the bank was 7,669 is increased up to 9,162 in the year 2009-10. During the period the study shows the 19.47 per cent increase in the total number of member of the bank.

- In the year 2000-01 the total amount of share capital of the bank was 35.44 crore is increased up to 96.63 crore in the year 2009-10. During the period the study shows the 272.66 per cent growth in the amount of share capital of the bank.

- In the year 2000-01 the total amount of Reserve and other funds of the bank was 51.60 crore is increased up to 166.42 crore in the year 2007-08 and thereafter it was decreased up to 149.78 crore in the year 2009-10. During the period the
study shows the 290.27 per cent growth in the amount of Reserve and other funds of the bank.

- In the year 2000-01 the total amount of deposits of the bank was 926.03 crore is increased up to 2760.38 crore in the year 2009-10. During the period the study shows the 298.09 per cent growth in the amount of total deposits of the bank.

- In the year 2000-01 the total amount of working capital of the bank was 1,272 crore is increased up to 3,213.88 crore in the year 2009-10. During the study period the growth increase shows 252.66 per cent in the amount of working capital of the bank.

- In the year 2000-01 the total amount of loans and advances disbursed by the bank was 751.25 crore is increased up to 1,827.26 crore in the year 2007-08 and thereafter it was decreased up to 1,531.99 in the year 2009-10. During the study period the growth increase shows 203.93 per cent in the amount of Loans and advances by the bank.
• In the year 2000-01 the total amount of investments of the bank was 351.10 crore is increased up to 1,237.98 crore in the year 2009-10. During the study period the growth increase shows 352.60 per cent in the amount of investments made by the bank.

• In the year 2000-01 the total amount of fixed assets of the bank was 6.97 crore is increased up to 22.05 crore in the year 2009-10. During the study period the growth increase shows 316.36 per cent in the amount of fixed assets of the bank.

• In the year 2000-01 the bank earned profit Rs. 1,152.41 lakh was decreased up to Rs. 1,118.14 lakh in the year 2009-10. During the study period no growth was seen in profit position if the bank while in the year there was heavy loss seen in the bank statement i.e. Rs. 976.98 lakh.

• The study shows that highest number of respondents i.e. 61 (30.50 %) is from 41 to 50 age groups followed by 51 respondents (25.50 %) is selected from 31 to 40 age group, 32 (16%) respondents comes from the age group of 51 to 61, 29 (14.50%) respondents are belongs to 61 to 70 age group and
lowest number of respondents i.e. 27 (13.50%) are from 20 to 30 age group.

- The revealed that highest number of respondents i.e. 179 (89.50 %) is from male category and remaining 21 (10.50%) respondents are from female category.

- Out of 200 sample respondents 159 (79.50%) respondents were selected from rural area and remaining 41 (20.50%) respondents were selected from urban area of Nashik District.

- The study shows that highest number of respondents i.e. 155 (77.50%) was selected from farmers followed by 19 respondents (9.50%) is selected from serviceman category, 15 (7.50%) respondents were comes from the SHG members, 8 (4%) respondents are represents to Business category and lowest number of respondents i.e. only 03 (1.50 %) are from general or other category.

- The indicated that highest number of respondents i.e. 60 (30%) is selected from the income groups of Rs. 1 to 1.5 lakh followed by 43 (21.50%) respondents is selected from Rs. 1.51
to 2 lakh income group, 37 (18.50%) respondents were selected among the income group of Rs. 50,000 to Rs. 1 lakh, 32 (16%) respondents are selected from the income group of Rs. 2 to 2.5 lakh and lowest number of respondents i.e. only 28 (14%) are from highest income groups i.e. above Rs. 2.5 lakh.

- The reveals that highest number of respondents i.e. 118 (59%) availed agricultural loan facilities followed by 35 (17.50%) respondents takes non-agricultural loan from the bank, 17 (8.50%) respondents were selected from whom those Kisan Card Holder of the bank, 15 (7.50%) respondents were selected among the members SHG and they took the loans under SGSY, 15 (7.50%) respondents are selected from the loan holders under various government schemes.

- The study concludes that highest number of respondents i.e. 58 (29%) availed loan of Rs. 1 lakh to 2 lakh followed by 56 (28%) respondents takes loan up to Rs. 1 lakh from the bank, 38 (19%) respondents were selected from the loan amount category of Rs. 2 lakh to 3 lakh, 28 (14%) respondents were selected among the loan category of Rs. 3 lakh to 4 lakh and 20
(10%) respondents are selected from the loan holders above Rs. 4 lakh.

- The conclusion drawn from the study that highest number of respondents i.e. 87 (43.50%) were prompt in the repayment of loan, 68 (34%) respondents were irregular in repayment of loan while 45 (22.50%) respondents were told that they were declared as defaulter by the bank, they were not paid loan installment during the last six months.

- The study concluded that highest number of respondents i.e. 81 (40.50%) told that they were not satisfied about the banking services, 58 (29%) respondents were fully dissatisfied, 37 respondents were expressed that they were satisfied and only 24 (12%) respondents were fully satisfied by the banking services.

- The study shows that highest number of respondents i.e. 73 (36.50%) told that the attitude of bank officers and employees was best, followed by 59 (29.50%) respondents were ranked to very bad attitude, 39 respondents were expressed that they experienced good attitude and only 29 (14.50%) respondents
were ranked that the attitude of bank officers and employee is best.

- It is revealed from the present study that the highest number of respondents i.e. 64 (32%) were took the loan from bank for cropping purpose, followed by 45 (22.50%) respondents were told that they have utilized the loan for agro based activities, 43 (21.50%) respondents were started entrepreneurial activities with the help of loan, 31 (15.50%) respondents told that they used the loan amount for the development of land and remaining 17 (8.50%) respondents told that they were repayment of other personal loans from taking the fresh loans from NDCC bank.

- The study highlights that highest number of respondents i.e. 89 (44.50%) were took the loan from bank for short term purpose, followed by 71 (35.50%) respondents were availed loan for 1 year to 5 year repayment i.e. medium term loan, 23 (11.50%) respondents were go with long term loans, and 17 (8.50%) respondents told that they using Kisan Credit Card for required amount and repayment the amount as per the availability of amount.
• The study shows that highest number of respondents i.e. 91 (45.50%) were told that it is the compulsory condition to open the account in NDCC bank, followed by 49 (24.50%) respondents were opened account in NDCC bank to avoid the local money lenders, 31 (15.50%) respondents were influenced by NDCC bank officers, and 29 (14.50%) respondents told that no nearest other bank for their convenience.

• The study concludes that highest number of respondents i.e. 115 (57.50%) were told that the banking hours and days are not suitable for them while 85 (42.50%) respondents were agreed with the time and working days of the bank.

• The present study concludes that highest number of respondents i.e. 92 (46%) were told that they were dissatisfied from the bank officials, followed by 42 (21%) respondents were told that they were satisfied from the behavious of bank officers, 36 (18%) respondents were highly satisfied by NDCC bank officers, and 30 (15%) respondents told they were highly dissatisfied by the attitudes of NDCC banks.
• 179 (89.50%) respondents told that the bank takes more time for sanctioning the loan. The delayed procedure will be impacted on the cropping pattern and other activities.

• 166 (83%) respondents told that after sanctioning of the loan the bank officers are not prompt in disbursement of the loan. Due to delayed disbursement they were takes the help of private money lenders.

• 157 (78.50%) respondents were dissatisfied of repayment schedule of the bank. The respondents told that all installments of the loans are prescribed as same amount. They have no money all the time. Hence they requested that modify the loan repayment schedule as per their convenience.

• 151 (75.50%) respondents were expressed that the bank charged heavy interest on their loans. It is not affordable to them. So they requested that to reduce the rate of interest on loans including Kisan Credit Card’s amount.

• 145 (72.50%) respondent’s complained that the NDCC bank not provided ATM facilities to them. They told that other banks
are provided ATM facilities to their customer that’s why they expect from the bank to start the facility to them.

- 115 (57.50%) respondents told that the banking hours and days are not convenient to them. The bank office is start from 10.30 A.M. and closes at 2.30 P.M. for banking transactions. During this time they were engaged on farming activities.

- 98 (49%) respondents told that the behaviour of bank officers is not good. Most of the respondents were illiterate or very less educated. They asked them some queries but the officers are not handled them properly.

- 88 (44%) respondent’s complained that the bank officer takes more time to complete the transaction.

- 67 (33.50%) respondents were told that the bank will not sanction the loan up to the clearance of old loan. The respondents were expect that the bank will sanction them required amount of loan as a re-finance.
• 48 (24%) respondents were told that they did not know the entire banking procedures and various schemes of Central and State Government. The NDCC bank not conducted any customer orientation programmes for customer of the bank.

The functioning of the study unit has been quite impressive in terms of deposit mobilization and credit deployment. But the bank has failed to arrest the overdue position and strengthen the share capital base. The bank has not effectively utilized its working capital and controlled costs. The study has revealed that the financial viability and profitability of the bank is declining. Hence, the success of the Nashik District Central Co-operative Bank in the future will depend.
Suggestions:

In the light of the findings a few suggestions are offered to improve the functioning of Nashik District Central Co-operative Bank Limited.

- There was need for organizational restructuring as well as strengthening of the existing staffing arrangements in many of the branches of District Central Co-operative banks.

- Central Co-operative Banks should undertake the reorganization in a phased manner keeping in view the whole time professional managing director should head the bank and Under the managing director.

- The State Govt. is required to contribute to the share capital with a view to strengthen the financial structure of Central Co-operative Banks in pursuance of the recommendation of the All India Rural Credit Survey Committee. These measures have considerably helped the Central Co-operative Banks in raising their funds.
- Gradually the Central Co-operative Banks which are the backbone of co-operative credit structure must become self reliant and self-sufficient. In the context of fast increasing credit requirements for modernization and commercialization of the Indian agriculture and the dominant role assigned to the co-operative banks in this sphere, mobilization of savings through various kinds of deposits has assumed great significance.

- Outside borrowings constituted a very important source for raising funds by the Central Co-operative Banks.

- Individual Maximum Borrowing Power (IMBP) fixed by the bank. This limit is based on various factors such as the local valuation of land etc. It is one of the limiting factors that constrain the capacity to lend larger amounts by the DCCBs.

- Nashik District Central Cooperative Banks are required to keep their accounts accurate and up-to-date.

- In other commercial business enterprises, the books of primary entry are generally kept up-to-date, while entries in
the ledgers are made afterwards. But in bank accounting the books of primary entry such as journals, cashbooks, etc. have a position only secondary to ledgers, meaning thereby, that in bank accounting, entries in the ledgers are made as soon as the transaction takes place.

- The banks adopt the slip system of accounting. As a matter of fact this is not a system of bookkeeping but a method of rapidly posting books kept on double entry principles.

- Nashik District Central Co-operative banks should provide credits of productive type and almost all credits should be secured credits. The bank also should take care that these societies are functioning efficiently.

- **Customer Services:** The banker is the dealer in customers’ money. Hence, the customers should be treated respectfully. They should be given better facilities and the required services. Customers always like prompt and efficient service. Customer service is not merely the fulfillment of government guidelines or mechanical adherence to the timeframe of services. It is a philosophy, an attitude of professional commitment which
believes in the ultimate satisfaction of a customer want. The bank staff should have patience and create a friendly atmosphere during their dialogue with the customers. They should always receive the customers with a smile. A smile for a while will help a lot. The working hours of the bank must suit the convenience of the customers.

- Deposits of government agencies should be kept with the Nasik District Central Co-operative bank in the area of operation. Such a step would undoubtedly strengthen the resources of the bank.

- The bank should mobilize more current deposits and savings deposits especially from the member societies and other Co-operative institutions which cost less to the bank so that profit could be enhanced.

- In order to reduce the cost of funds, the Bank should take necessary steps to increase its own funds.

- There should not be any party politics in the affairs of the Bank.
• The bank should take all the necessary care and precaution while investing funds.

• The procedure of advancing loans should be simplified so that much time is not taken in sanctioning and advancing loans.

• No loans should be advanced unless it is economically beneficial to the borrower.

• In view of mounting overdue, it is very essential to deal with recovery matters on war-footing. The Bank should set up a task force to plan and monitor the recovery matters. It is also essential to involve all staff members in the recovery of loans.

• The Government should pass the necessary legislative measures for taking stern action against willful defaulters.

• The bank should recruit sufficient number of employees in order to improve the performance of the bank.

• N.D.C.C. Banks in Nashik has a wide scope to spread the activities of banks indifferent parts of the district.
• While opening a new branch preference should be given to opening it in the remote areas.

• For the point of view of leadership it should see that there is at least one new entry on the board in three years so that the new sight, new thinking, new style of working and the enthusiasm of young blood boost the progress of N. D.C.C.Bs.

• If not possible for all the days of a week, for at least two days the D.C.C. Banks should keep their offices open for more than normal office time or can keep the banks open on Sunday and have holiday on any other day instead. This will help urban and rural people also.

• Introduces some small saving schemes for speedy mobilization of deposits and for provision for employment to the needy people.

• To serve the weaker section of the society more vigorously, people coming from scheduled castes and scheduled tribes
should be brought under the preview of N.D.C.C. Bank by making them members, borrowers or depositors. Besides concentrated efforts should be made to increase the women membership also.

- The N.D.C.C. Bank should see that, as far as possible, every requirement of the customer as regards to the remittance facilities e.g. collection of bills, cheques etc. should be provided.

- The D.C.C.B.s should provide micro credit for the lowest possible amount so that people from poor income group can also avail of the advantages of the banks.

- The N.D.C.C. Bank should comply with the requirements of economic development plans adopted by the Government of India and Maharashtra.

- To keep people informed of the achievements and of N.D.C.C.B.s, annual reports should be published disclosing every material fact like bad debts, doubtful debts, N.P.A.’s and
losses arising out of any transactions as it has become obligatory by the banking regulation act of 1949 to satisfy the credit needs of the members.

• The Banks need more funds but funds are blocked in Cash Reserve Ratio and Statutory Liquidity Ratio besides according to the Reserve Bank of India’s directives. This results in non availability of adequate funds to satisfy the credit need of rural and urban people. So it is advisable that the Government should reduce the S.L.R. percentage.

• There must be mutual co-operation among the co-operative and commercial banks. Commercial banks are busy between November and March while co-operative banks are busy from May to October; hence such schemes should be carved by which the funds can move between the two freely. Transfer should be made such as to make them complement of each other.

• To increase the co-operative movement efficiently, arrangements should be made to train the officials. Every bank should have a full time and trained secretary.
• Co-operative banks should be given loans to small farmers on concessional rate.

• State Government should provide more in capital share of N.D.C.C.B.

• Arrangements to appoint sufficient number of efficient officials and their training if needed.

• The bank should construct the proper cadre on managerial level.

• The bank should provide quick loans to societies and should not stick to rules, start the programme of increasing branches while right of accepting credit should be handed over to credit committees.

• The bank not properly working due to time barred credits, programme should be prepared to its reorganization and special officials should be appointed to repayment of credit.
• Every branch should have an official to supervise the credit provision work for small farmers.

• In the fast changing scenario of banking, Internet banking is seen as the strategic necessity to face the stiff competition in the banking industry to survive. Already many banks have introduced e-banking. N.D.C.C. bank should take initiatives to start e-banking activities for their customers.

• Co-operative marketing has been successful in various countries. The N.D.C.C. bank provides a good back up support to marketing infrastructure. In fact, in rural areas credit co-operatives and market co-operatives work in hand in hand.

• Effective supervision over the utilization of loans, stern action against that willful defaulter, reorganization of loan policies, conversion of short term loans into sufficient repayment periods during the periods like failure of monsoon famine and other natural calamities may be make to overcome and difficulties and effects in the recovery of loans. Unrecoverable
doubtful debts may be written off by creating bad and doubtful debts, and the net profits earned by the bank.

- The development of cordial relationship with members by Cooperatives and Government through the various methods of member’s education programmes and mass media will also help to improve the recovery performance.

- By providing more banking services and facilities at nominal cost by introducing more novel schemes of deposits suitable to various people of the society through proper advertisements and propaganda, the bank may attract more deposits.

- Provision of various concessions like giving more interest to the charitable institutions and other institutions to deposits their money was also one of the objectives of the bank. The provision of advice by the government to the local bodies and the various departments of government, for depositing and dealing their money through the cooperative banks will also enhance the deposit position of the cooperative bank.

- New ideas and methods of implementation should be evolved in order to make cooperative credit movement more effective.
• The NDCCBs must penetrate into market with wide publicity campaigns along with personal approach and effective communication methods, in order to compete with commercial banks. Suitable marketing strategy with appropriate saving schemes is to be developed. This strategy involves identification of potential depositors and ascertaining their economic needs.

• NDCCBs must explore the possibilities of advancing non agricultural credit directly to the traders, artisans and craftsman. This will boost up the image of the DCCBs in their area of operation.

District Central Cooperative Banks in Maharashtra make up one of the largest rural financial systems. Playing a vital role in dispensing credit in largely agricultural areas, they are also the weakest link in the formal credit delivery system. This study provides a valuable one of the traditional banking system, exploring the reasons for the poor performance of Nashik District Central Cooperative banks and suggesting measures to revitalize them. Although this sector has grown along with the micro-credit
sector to provide finance for the poor and the less creditworthy borrowers, financing development still remains a major problem in the developing world. However, the financial health of credit cooperatives in India has been a matter of perennial concern. The cooperatives hold great promise for financial inclusion if the financial position of the cooperatives can be consolidated. Providing a detailed analysis of the historical evolution of cooperatives in India, the study establishes the link between different segments of this institutional system and their performance in a commercial sense to show that cooperatives occupy an important place in India's financial edifice as they play a key role in the multi-agency framework for rural credit delivery. As such, the analysis provides a valuable reference for scholars of economics, Bankers, economics and finance.