CHAPTER V

The Results achieved, Deficiencies observed with reasons thereof.
CHAPTER-V

THE RESULTS ACHIEVED, DEFICIENCIES OBSERVED WITH REASONS THEREOF

In relation with the study of working of lead bank of Satara District (Bank of Maharashtra) the personal visits are undertaken and about to 30 branches of all banks representing area approach are selected for visit. (List of branches, blockwise and bankwise is herewith as Annexure). During course of visits discussions are made with branch managers, and concerned officials regarding working of LBs with reference to Satara District. To come with conclusions, the information such as Deposits, Advances, CDR, profitability, Advances to priority sectors out of which for weaker sections, SC/ST, overdues targets and achievements under AAP and branch manager's opinion regarding fulfilment of DCP/AAP is collected. The consolidated position of banks is herewith as annexure.

In this connection, opinions of District Co-ordinators, Branch Managers and Lead Bank Officers are collected through personal interview. District Co-ordinators from four banks and five branch managers are selected for interview. The copies of questionnaire of interview are incorporated as annexure.

The outcome of study is summarised as organisational set-up for Lead Bank, formulation and implementation of DCPs/ AAPs, forums of co-ordinations, RBI guidelines, and general aspects related with Lead Bank Scheme.

A) ORGANISATIONAL SET-UP FOR LEAD BANK SCHEME (BANK OF MAHARASHTRA, LEAD BANK).

Bank of Maharashtra has been set up its Regional Office in Satara District at Satara to shoulder lead responsibility of the Satara District. Bank has posted Lead Bank Officer of a rank in higher that of manager of the district head-quarter.
Regional Manager is controlling authority of the lead Bank. Ideally, LBO should directly report to the controlling authority but in Satara District, reporting, supervision and control over branches is done by Regional Manager.

i) Involvement of LBO in development activities and active participation in implementing DCP/AAP would be conductive but it is observed that LBO is burdened with other unconnected duties such as branch opening, functions, Hindi Raj Bhasha Convenor, administrative duties and operational functions like to conduct Hindi Workshop, to arrange for Branch Manager's Conference cum training campus for rural branch manager's etc.

ii) In most of the banks the District Co-ordinators have not been able to function in an effective manner as they have no authority to control other branches of the banks in the district. The branches are controlled by Regional or Divisional officers of the banks. And any officer or Branch Manager of the branch at District Head-quarter is designated as District Co-ordinator.

iii) The district co-ordinator should be separate officer other than branch manager/agent and report directly to controlling office. But except Bank of India no other bank has a separate officer other than Branch Manager as district co-ordinator. In case of United Western Bank Ltd., and Bank of Maharashtra, the role of district co-ordinator is performed by Regional Officers. State Bank of India, has separate lead bank officer who looks after the duties of district co-ordinator. Out of 17 banks about to 12 banks have no separate officer as district co-ordinator other than branch manager which affect the role played by district co-ordinator under LBs. The branch managers perform the duty of district co-ordinator in addition to their other
duties and they could not be conceived as district officer of the bank.

iv) In the district, there are two Regional offices of the banks respectively of the United Western Bank and Bank of Maharashtra. The Bank of Karad Ltd., and S. D. C. C. Bank Ltd., have also its head office at Karad and Satara respectively. A separate cell to watch actual performance of the banks' branches is set-up by the UWB only.

v) The organisational set-up on the part of the district administration of the Government agencies dealing with matters related to LBs is of the equal importance. And there should be system of posting additional collectors to relieve the Collector of his routine functions, but no this system is followed in Satara District. Regular Collector posted is looking after all the aspects of the lead bank scheme. There is no separate section or cell created to act as the focal point for liaison with banks. And hence there is no proper co-ordination with concerned Government agencies to extended all necessary support for the credit programmes or in all matters relating to DCP/AAP.

B) FORMULATION AND IMPLEMENTATION OF DCP/AAP.

1) In formulation of DCPs, development programmes of Government and infrastructure facilities available for the success of various activities are taken into account - Districtwise disaggregations of sectoral allocations of public outlays made at State level are available after considerable delay. Lead banks, in the circumstances have to proceed on an inadequate data base for preparation of DCP/AAP and Satara district is not exception to this position.
ii) In most of the banks, it is observed that the target allocated for various sectors by lead bank are not properly allocated in between branches in the district. Lead bank allocate share bankwise and not branchwise. The branch lending is governed by performance budget which is not linked with DCP/AAP.

iii) It is observed that lending operations at branch level are not carried out as per AAP but at the end of the plan period, the actual lendings are above target figure. The reason behind is that the review of APP is taken bankwise and only financial targets are considered b) DCP/AAP prepared on inadequate data or it is difficult to get data on district development plans up-to-date which resulted as DCP/AAP unrealistic and not feasible. c) The fixation of responsibilities of different agencies concerned with DCP mechanism has not done with due care, d) The banks are not possible to derive meaningful and appropriate targets for their branches considering operating area, potentials, man-power available at branch level etc. from DCP/AAP.

iv) DCP should reflect the credit demand and the resources availability in balanced manner. The resources available for credit deployment are viewed in narrow sense, means available resources are only considered but there is no way for what could be raised or how additional resources are to be raised to meet credit demand of the district for plan period. The resources available for credit deployment include increase in bank deposits, recoveries from outstanding loans, refinance from three I. D. B. I., NABARD. These factors of resources are mostly flexible and re-finance and recoveries are not available as per plan which affect budget of funds available for credit deployment.
v) At present, DCP indicates the broad sectoral and sub-sectoral targets and major activities for which institutional credit will be required. But there is no separate indication regarding on-going programmes for which necessary infrastructure, inputs etc. are available and only credit is to be provided and other programmes which are newly established.

vi) Bankwise and blockwise credit outlays are furnished in AAP. Branchwise performance under AAP is not with lead bank. The lead bank only consolidate position bankwise and blockwise. The banks having more than one branch in the block, the performance of all branches in the block reviewed collectively. It is not desirable to furnish branchwise targets but yearly consolidated position in brief should be furnished in AAP.

vii) It is observed that all the activities with sectors and sub-sectors are indicated in the AAP but it is not assessed whether all the activities possible and envisaged in the district, whether there is adequate infrastructure facilities, potentials etc. are available. And also bankers are in position to extend credit under various activities and whether there is expert or technical personnel is available with bankers.

viii) The share allocation of DCP in between various financial agencies is done as per their last performance. The institutions who have low performance they can be allocated low share in the AAP. But reasons of low performance or inability to achieve target are not considered at the time of allocation of share. For example, the banks which have having only one branch office in Satara District are not in a position to achieve financial as well as physical targets under all activities due to some administrative problems. The banks which are not maintaining CDB as per RBI guidelines, there is necessity to consider separate treatment to that bankers
other than major banks in the district.

ix) The sectoral allocations of public outlays made at State level and its district-wise disaggregation means district development plan. All these plans are prepared for financial year or Government year i.e. April to March per year. And DCPs/AAPs are also prepared for that period. The performance budget of banks is prepared for calender year i.e. January to December. The different period of DCP/AAP and performance budget of banks may not contribute better integration of government development programmes.

x) Lead Bank who is the area credit planner, has to collect information on the various aspects having bearing on the success of the activity from different departments match it activity-wise and based on such matching, make his own estimates as to the extent of loaning under various activities, which can be sustained by demand and infrastructure facilities.

C) FORMUMS OF CO-ORDINATION:

i) District Consultative Committee review the progress achieved or otherwise regarding implementation of DCP/AAP. Effectiveness of DCC is more important under LBs. It is observed that DCC meetings are called and issues are discussed but DCC or lead bank is not successful to find out solution for problems or difficulties faced by financial and other governmental agencies in implementing DCP/AAP properly. This is because of unwieldy size of DCC. In the district, there are 15 commercial banks, 2 banks SDCC & PSLDB, 15 urban Co-operative banks, 11 BDDS from 11 blocks, and other departmental heads such as KVIC, SISI, 2P, DIE, DRDA, MPBCDC etc. means, about to 60 members attend the meeting of DCC and considering the time provided it is not practicable to issue each and every issue in depth but only shortcomings are discussed and timely
solutions are derived. Mostly, the banks which are are below in achievement of targets are instructed to achieve the target or the banks which have crossed the target they have been allotted additional share.

ii) Problems/matters to be discussed in the DCC are not generally intimated in advance to the Lead Bank or DCC by banks or Government department. And discussion is carried on the issues without considering the importance of problems etc.

iii) It is observed from the minutes of the forum meetings such as DCC, SC of DCC, BLDC, DLRC etc. that the proceedings does not spell out clearly various decisions arrived at the meetings and the agencies responsible for further action. This is due to lack of necessary attitudinal orientation in the various participating agencies and inadequate secretarial assistance available to LBO.

iv) The decisions arrived at forum meetings particularly DCC are not informed to respective bank branches by the District Co-ordinator of non lead bank or lead bank. Also, compliance or follow-up action regarding issues discussed is not observed properly. This is due to lack of appreciation of the members attending the meetings. In case of non-lead banks any officer can attend the meeting only to represent the bank.

v) The meetings of standing committees to DCC have not proved quite effective because of that chairmanship of meeting is with District Collector and he hgs no adequate time to spare for this meeting. And any other officer from that office conduct the meeting. Another reason is that Government departments are mostly irregular in attendance of meeting or the meetings are attended by junior level officers. In the year 1987 upto Jurje, six meetings are held of standing committee but one meeting is
attended by Collector himself.

vi) It is seen from record that the forum meetings of DLRM and DLRRC are not held adequately to discuss the progress in implementation of DCP/AAP. In the year 1985, the forum has met only once in the year and in the year 1986 at two times in the year. From the bankers point of view, the decisions arrived at DLRRC are more important because of that recovery aspect is more important than credit extension.

vii) It is experienced that the forum meetings are headed by Government departments or government officials like Collector, Tahashildars, BDDOs etc. In addition to DCP/AAP they have to achieve some other targets under various government programmes such as family planning, small saving, collection of revenue etc. And hence they press on bankers and financial institutions without assessing the difficulties regarding implementation of AAP. The most popular example is that advance under Poverty Alleviation Programme. In a village there are about 100 families are under BPL and banker has to give advance to these beneficiaries without assessing potentials, scope for their activities, other infrastructure facilities available etc.

viii) Out of 17 banks about 12 banks having no separate officer other than Branch Manager to look after the role of District Co-ordinator. When he is attending forums meeting, he is unable to explain correct position of the other branches in the district. And decisions arrived at meetings are also based on incorrect information. This is because, the branches in the district are controlled by another authority such as Regional Manager/Divisional Manager or Head Office and ready information is not with district co-ordinator.
D) LEAD BANK SCHEME AND RESERVE BANK OF INDIA:

i) Lead District Officer from RBI has to play very important role under Lead Bank Scheme. The matters whenever arrived regarding implementation of DCP/AAP and which require special attention of State Government or RBI should be followed by LDO. In this respect attendance of LDO to various meetings of forums particularly DCC, DLRC, etc. is necessary. He has to help to LBO in this respect also. But it is observed that his attendance is not regular in Satara District. During the year 1986-87 only one time LDO has visited Lead Bank as stated by LBO.

ii) Through discussion with LBO, District Co-ordinators, concerned government developmental agencies to identify the problem areas and to find out the solutions thereof of LDO is not effected and record thereof is not with lead bank.

iii) It is observed that LDO is also attending the various meetings or visiting the lead bank as usual members of the forum, his role to act as a link between the district and State level is not much effective.

iv) In case of priority sector lendings, the percentage and norms or guidelines issued by RBI has to follow to the banks. The percentage of sectors to total advances is difficult to meet in case of certain categories such as DIR, Educational loans, advance to SC/ST beneficiaries etc. The banks have to maintain 60% credit deposit ratio out of which 40% advances towards priority sectors. Total income criteria fixed for DIR is of Rs. 6500 yearly family income, it is difficult to maintain moderate family within that income and hence bankers have to do something to fulfil target as per RBI guidelines.
v) In case of implementation of DCP/AAP and other related matters of LBS, RBI has issued letters to various Government developmental agencies but follow-up action is not observed properly. And it is observed that all supporting agencies are under impression that LBS is job of only bankers.

vi) The bank branches are classified by RBI as Rural, semi-urban, Urban and Metropolitan. This classification is made as per total population of the centre. There are no adequate infrastructural and other supporting facilities available at every centre of equal population in the district. But RBI guidelines are same to all branches whether it is rural or urban branch.

vii) In case of implementation of IRD programme or advances under TPEP, RBI has joined hands of bankers with Government agencies, but considering the administrative structure of Government agencies, it is difficult for bankers to run with Government agencies. This is because of inadequate man-power at rural branches, technical staff provided is not sufficient, and working procedure of the Government agencies is quite different and of administrative nature where time factor is completely neglected. For example, banker has to see the supporting documents such as 7/12 Extract, Account Extract, Receipts of land revenue paid, no objection certificate regarding Government dues etc. in case of advance to small farmers or crop loans but it is difficult to collect all these documents in time by farmers.

viii) After the discussion of the various problems/matters in the meetings of the forums the State Government, RPCD or RBI issue some guidelines regarding implementation of DCP/AAP but the control measures or loop-holes under that directives
are not considered. For example, State Government has issued circular to the bankers that put your stamp on Ration Card of the IRDP beneficiary to identify and avoid double finance but there no proper control at respective department regarding issue of duplicate Ration Card or more than one Ration Card to one family. In another instance, a wife of medical practitioner have done affidavit before Tahasildar having family income below Rs.10,000/- to get subsidy amount under SEEUY Scheme and when detected, and fact referred to the DIC, DIC told that to lodge police complaint against borrower for submission of false information.

ix) As the LDO has not visited bank branches in the district or office of the district co-ordinators, most of the banks are not knowledge of the LDO under LBS, though he is attending forums’ meeting particularly DCC.

x) The guidelines for preparation of DCP are issued by RBI. After first round of discussions, RBI issued guidelines to prepare DCP for 1980 to 1982, again for 1983 to 1985 but afterwards DCP for every year has been prepared under which the banker has not time to take review of the facts and such instructions are not given by State Government to DP & DC and they have prepared District Plan for every year, it is difficult to match both the plans.

E) REPORTING SYSTEM AND MONITORING OF CREDIT PLANS:

i) Lead Bank has to collect data and consolidate it in addition to consolidation of LBS Returns. And it is quite unsatisfactory that despite of several reminders or personal contact with phones, the respective information not submitted
in time and those submitted is not complete. And hence, lead bank has to proceed on inadequate, incomplete data. It is observed that the information under LBS No. 2, 4 and 6 is to be consolidated as per LBS No. 1 3 & 5 submitted by District Co-ordinator every quarter. Out of 17 banks three major banks have not submitted their LBS returns ending on 30th June, 1987, pertain to June quarter upto 30th Sept, 1987. This is because, District Co-ordinators of respective banks have not received said information from their branches.

ii) At the branch level, more importance is not given towards LBS returns as the other controlling returns submitted to controlling officer take more time of the branches. As the LBS returns are submitted to District Co-ordinator and other returns are submitted to higher authorities i.e. Regional Managers, Divisional Managers etc. when lead bank refers this delay of submission to respective controlling authorities of the banks, the controlling offices only send formal letters to District Co-ordinator as they know the reasons for delay.

iii) It is observed that most of the branch managers have least experience regarding preparation of LBS and other returns and returns are copied from old offices copies only related periodical figures are filled in but effect of periodical change circulated by Lead Bank or RBI is not considered and respective authorities have to send several reminders. LBS returns are based on certain Back-up Registers but due to inadequate staff provided at branch and district level such registers are not maintained.
iv) Monitoring at DCC has not been seen to be objective. Because, the further plans and targets are allotted as per achievements but there is only quantitative achievement under target qualitative achievement of target is not put up before DCC. For example, bankwise and sectorwise targets show that one or two branches in district compensate the fulfilment of achievement of others branches and in case of sectorwise achievement to fulfil the targets credit extended to Agriculture implements (Tractors, Trailers etc.) or Transport operators compensate targets under other sectors.

v) Under LBS, quarterly information regarding credit provided during the quarter is called up for consolidating total credit extended during the quarter in the district for review at DCC. But the information submitted by banks includes the operative limits, loans extended to retail traders, small business renewed during the quarter. In case of finance against Government schemes such as IRDP, Gobar Gas, advances to SC/ST under MPBCDC sponsorship, credit is reported excluding subsidy amount.

vi) It is observed that at branch level the credit is not extended as per plan but most of the branches have achieved the targets fixed at the end of the plan period. It means that at the end of the period the loan applications are processed in the bunch and there is no sufficient time to scrutinize the loan applications thoroughly.

vii) The data collected by lead bank and submitted by other banks to lead bank for processing, reviewing monitoring the DCP/AAP is not in advance with lead bank but after lapse of stipulated time schedule, this resulted into that the lead bank has no sufficient time to scrutinize the data and
incomplete, incorrect data processed for decisions.

viii) As per guidelines, small statistical cell is to be created for consolidation of data at lead bank's office and incharge of cell should give direction to district co-ordinators of non-lead banks in respect of consolidation of data. But in Satara District, at lead bank only one clerk has allotted to this job and supervision is done by LBO in addition with others duties allotted to him other than lead bank scheme.

P) OTHER RELATED ASPECT:

i) It is observed that the participants of LBS i.e. Branch Managers, District Co-ordinators, LBO, and department heads of Government authorities have attributable to a large extent to the lack of awareness of their role and proper attitudinal orientation under LBS. And there is lack of level of understanding and ability for team work.

ii) As the lead bank has not taken socio-economic survey of the Satara District what is required to be planned, planned credit is sufficient to needs. What permanent measures are to be taken to overcome difficulties of drought prone areas like Koregaon, Khatav, Khandala, Man blocks. What special programmes are to be implemented for hilly tracks such as Patan, Mahabaleshwar, Wai, Jaoli, blocks etc. All these questions have no permanent solutions in DCP/AAP.

iii) It is observed that lead bank or State Government has not arranged any specific training programme for district co-ordinators and branch managers and department heads of Governmental agencies to facilitate easy going working of LBS. Small workshops of one or two days for specific programmes such as IRDP, Gobar Gas, Bio-Gas etc. are arranged.
iv) Lead Bank Officer has no sufficient time to meet regularly with District Co-ordinators, Regional Managers and LBOs of non-lead banks and hence he cannot discuss on various problems/matters regarding implementation of DCP/AAP. He only contact the respective personnel on phone for specific cause.

v) In case of banks having only one branch in the district, viz. Dena, Vijaya, Karnataka and Indian, the share allocated under DCP should be appropriate with their man-power, technical staff availability etc. Four banks having their offices at semi-urban centres and they have allotted certain rural business in this case these bankers could not show their proper performance.

vi) It is observed that most of the bankers of the opinion that the schemes and Government programmes are pressed on them because necessary infrastructural facilities, and required co-operation is not extended to bankers from respective authorities but targets under programmes have to be completed within stipulated period. This particularly in case of IRDP. The bankers are facing problem regarding identification of beneficiaries, BPL, Double dose of advance to small farmers, landless labourers increase of milch animals, to consider income criteria fixed by RBI for certain type of advances such as DIR, SEBUIY etc.