CHAPTER VI

Conclusions, Suggestions, Recommendations etc.
Developmental impact of banks on the rural economy did not follow automatically from opening of bank branches at rural centres and it was seen realised under second round of review taken by Government in the year 1980, that credit extended towards rural sectors under various schemes had to be proceeded by close study of their problems of viability, infrastructure support needed for their developments. In this respect close study of rural economy was envisaged through district level planning and creating suitable consultative machinery at block level, district level, State level to assist banks. And this exercise under the name of 'Lead Bank Scheme' achieved good success.

Under the study of working of lead bank scheme in Satara District special reference to lead bank of Satara district i.e. Bank of Maharashtra, physical visits undertaken to 30 rural and semi-urban bank branches of Bank of Maharashtra and other commercial, co-operative banks operating in the district.

The first district credit plan for Satara District was prepared for the year 1978-79. Satara District is having only rural and semi-urban centres for bank business.
The following table clears the picture of progress made in Satara District under Lead Bank Scheme since 1978.

<table>
<thead>
<tr>
<th></th>
<th>1978</th>
<th>30.6.1987</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) No. of bank branches (Commercial)</td>
<td>84</td>
<td>129</td>
</tr>
<tr>
<td>2) Total Deposits of commercial banks</td>
<td>4192</td>
<td>1776586</td>
</tr>
<tr>
<td>3) Total Advances, commercial banks</td>
<td>2271</td>
<td>1210390</td>
</tr>
<tr>
<td></td>
<td>Deposits:</td>
<td>1739</td>
</tr>
<tr>
<td></td>
<td>Advances:</td>
<td>1853</td>
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</table>

The performance achieved by lead bank in Satara District is no doubt appreciable but it has potentials in achieving the economic improvement of the rural and semi-urban areas of the district. The lead bank has to take lead in acquiring unbanked rural centres for branch expansion and multi-agency approach to the rural lendings. It is matter of proud that Satara District has won first prize of State Government for performance under IRD programme and advances under TREP in the year 1986.

The success of the lead bank under LBS is also shared by other banks and Government developmental agencies. Lead bank has to play active role in decentralisation of the planning progress and has the capacity to ensure that the bank credit acts as a powerful lever to achieve economic growth of poorer and weaker sections of rural population. To achieve this goal of LBS, we suggest the following points regarding working of lead bank in Satara District which will co-ordinate all the elements of the scheme i.e. lead bank,
other banks, Government development departments etc. and facilitate the record of fairly good success more than at present in the district.

The results achieved and suggestions regarding improvement or otherwise are listed in order of study undertaken. The study of the lead bank scheme special reference to lead bank of Satara District i.e. Bank of Maharashtra, is divided into five steps namely position and working of Bank of Maharashtra as lead bank, formulation and implementation of DCP/AAP, forums of co-ordination, and other related matters in respect of district planning and development. And hence, the recommendations/suggestions based on results achieved are summarised into above steps.

1) **BANK OF MAHARASHTRA AS LEAD BANK FOR SATARA DISTRICT:**

i) If lead bank has to perform its duties effectively, it is absolutely essential to provide a proper and adequate set-up at district level.

ii) At present, Regional Manager is looking after the working of lead bank through LBO instead of this LBO's office should be separate and it should be assisted by small statistical cell.

iii) LBO should be separate authority to report directly to controlling authorities and he should be of a rank not lower than District Co-ordinator or lead bank officer of non-lead banks, functioning at district headquarter.

iv) LBO should be in continuous approach with developmental activities which take place in district.

v) LBO should not be burdened with other unconnected functions of administrative and operational nature.
vi) LBO should be of co-operative nature and he should give polite and equal treatment to all the banks functioning at district head-quarter.

2) ORGANISATIONAL SET-UP FOR OTHER BANKS UNDER LBS:

i) District co-ordinator should be of a rank not lower than that of branch managers of the branches in the district. If so, he should be able to function in an effective manner.

ii) As per RBI guidelines and also working of the branches in the district, SBI, UWB, Sangli Bank should have separate district Co-ordinator's office other than present arrangement. And in case of the banks viz. Karad, Baroda, Central, a separate officer other than branch manager should be allotted the duty of district co-ordinator and they should be given adequate clerical support, technical man-power etc.

iii) It should be ensured that the district co-ordinator should be conceived as a district officer of the bank and any district authority including lead bank should get all sort of information from district officer regarding the bank branches functioning in the district.

iv) It should be ensured by controlling authorities that at least District Co-ordinator should be acquainted with various activities operated in the district in relation with bank lendings.

v) The tenure of the district co-ordinator should be for a reasonable period, say, three years to have degree of continuity.

vi) The District Co-ordinator is representing the bank's role under LBS and also attending various meetings of forums, he should be well experienced in the working of the branches and also knowledgeable regarding RBI guidelines.
circulars, and district profile.

vii) The performance of SDCCB and MSLDB is quite good under LBS. But to achieve effectiveness other than advance to agriculture sector, it should be suggested that to create a separate cell for implementation of DCP, Head Office and Regional Office of both the banks respectively.

3) DISTRICT CREDIT PLAN/ANNUAL ACTION PLAN:

i) For the credit planning of the District the LBO should study carefully the resources base of the areas covered under district. Means, LBO should study the activities operated in drought prove area, hilly tracks, sugar growing belt and industrial potentials.

ii) District credit plan should be finalised by the DCC after considering views of LBO after making systematic study of the scope for development of the various sectors of the local economy.

iii) To assess the credit demand and realisation of potentials in the district lead bank has to take socio-economic survey of the district.

iv) Lead Bank should not depend upon district development plan for preparation of DCP. As per socio-economic survey, and financial resources available with bankers for credit extension, LBO should prepare DCP.

v) For allocation of shares under DCP the lead bank should take into account the major banks operating in the district viz. UWB, SBI, Central, Baroda, Sangli, Maharashtra Bank, Karad, etc. The banks having only one branch office in the district namely Vijaya, Dena, Indian, and Karnataka should be given chance to fulfil their target under DCP as per their will and specific targets under various activities should not
pressed on them.

vi) At present, DCP is prepared and then allocated among the financial agencies for implementation. Instead of this every bank could indicate the likely deployment of funds for priority sector lending and consolidation of this, will be district deployment of funds which will be matched with District Development Plan by lead bank.

vii) Period of DCP will be correspond to that of national plan instead of one year or three years. After yearly review of the AAP targets of DCP will be changed as per performance.

viii) Every DCP should be broadly indicate the outlays under two categories the programmes for which only credit is to be provided and second the programmes for which in addition to credit these should be provided other infrastructural aids.

ix) The period of AAP and performance budget prepared by the bank should be equal i.e. both should be based on calendar year or financial year.

x) DCP is prepared for the district, adopting blocwise, bankwise and sectorwise disaggregation on the other hand AAP should be prepared bankwise, blockwise and branchwise credit outlays.

xi) Non-availability or difficulty in getting data from banks or branches thereof the matter should be referred to RBI through District Authorities by lead bank including branches of lead banks also.

xii) Lead Bank should take drastic action against the financial and Governmental agencies on whose lapsation implementation of DCP/AAP is affected.
xiii) It should be ensured that programmes or schemes prepared for naturally affected areas i.e. drought prone zone, hilly tracks, etc. should be different from developed areas.

xiv) Under DCP review is taken and only financial achievements are considered but whether physical target is completed or not is not reviewed. For example, under Transport Operator, if one Motor Truck is advanced to transport operator having old truck, it will be grouped under Priority Transport Operator and amount of advance is about to Rs.2.50 lakhs.

xv) In case of IRD programme review is taken as per number of accounts and amount of advance but it should be ensured that how many beneficiaries are benefitted out of BPL and how many beneficiaries are enjoying double dose etc.

xvi) The banks and DRDA officials sit together and study the viability of each scheme to be offered to the poor before it is included in the IRDP, and in DCP.

xvii) The back-up support is essential for implementing government programmes, and it should be provided from various Government departments. The detailed back-up support activities and which Government Department is related with that activity should be spelt out and incorporated in the DCP.

4) CONSULTATIVE FORUMS:

To facilitate consultations between bankers and the district level officials joint forums have been constituted at the district level. These are namely DCC, DLRRC, standing
committee of DCC. The most important of these has been DCC. It is not only functions as a consultative body but has started supervising over formulation and implementation of DCP/AAP. The consultative forums of district level and block level are doing well but still effectiveness of forums is not as per LBS and so we suggest the following:

i) The DCC comprises about to 50 members, and this unwieldy size of DCC gradually eroding in the effectiveness itself. In this respect, it is suggested the membership of the DCC is restricted to some extent such as the major bankers operating in the district may be called to quarterly meetings and once in the year all bankers should be called. The overall strength of DCC should be maintained at compact level of 15 to 20 members so that the discussions at this forum are meaningful and result oriented.

ii) Instead of searching detailed proceedings of forum's meetings to all concerned authorities only problems/matters discussed and decisions arrived at and agencies responsible for further action are only informed which will facilitate to read the proceedings of the meetings. Now copies of proceedings are just filed.

iii) The decisions arrived at forums' meetings should be communicated to controlling offices of the bank for implementation and follow-up action. As the controlling office is near touch with branch rather than District co-ordinators.

iv) Instead of controlling offices, the performance of branches under LBS should be watched by District Co-ordinators and in this respect bank management should make it clear to all
their branches that it is part of duty of District Co-ordinator.

v) A post of separate collector for LBS be created at district level which will facilitate easy going and effective implementation of DCP/AAP.

vi) Presently, discussion is made on poor lendings by banks but there is no solution arrived at the forums' meeting regarding problem faced by the bankers and it should be done effectively.

vii) As and when the agenda and notice of the meeting is sent to members of the forum the LSO should follow-up the issues and make discussions with the banks and other financial institutions so that he should represent the difficulties in the meetings.

viii) The functioning of SLBC seems to have stabilised to a large extent, although there is scope for further improvement. It should be ensured that the scope of SLBCs should be widened.

ix) The BLCC forum should make more effective for implementation of Government programmes particularly IRDP, Advances to weaker section etc.

x) It should be ensured that relatively senior officers than that of BDOs would be more effective in co-ordinating the activities of the bankers and Government officers.

xi) The present nature of meetings of forums (i.e. only conducting bodies are talking and all other representatives are listening the matters) should be changed immediately. Instead of this every financial agency should take review of its performance under DCP/AAP and difficulties faced by and respective authorities may take down the difficulties for necessary action.
5) OTHER RELATED ASPECTS:

i) LDO should act as link between the district and State level and he should be familiar with district local language and his tenure should be for at-least three years. He should not be allotted more than two districts.

ii) The LDO should compulsory stay at district head-quarter for not less than a week in month adjoining the forum's meetings and visit bank branches in the district regularly.

iii) It is ensured that LDO always with touch to LBO, District Co-ordinators, concerned Government development agencies regarding to identify problems/matters and help in finding solutions.

iv) RPCD should visit all the districts and certain rural branches of the banks and also attend few meetings of DCC to assess exact solution for rural problems.

v) Every bank should have small statistical cell at their controlling office to train, guide and supervise branch level staff in the early completion of various returns.

vi) It should be ensured that lead bank should constitute working group having members from various banks to examine various returns/statements submitted by branches and weed out unnecessary or overlapping out dated returns.

vii) It should be observed by the lead bank that the co-ordination forum set-up for recovery is effectively operating or not at district and block level.

viii) LBO should report the controlling offices of the non-lead banks regarding man-power resources, delegation of powers of the branch managers, and other necessary aspects
6) GENERAL:

i) There should be co-ordination in between banks functioning at District level including urban co-operative banks.

ii) Lead Bank should report its opinion regarding role of the banks under LBS in the district to the controlling offices of the banks.

iii) The organisational set-up on the part of the district administration for dealing with matters relating to LBS is quite importance and hence district administration should be organised to external all necessary support for the credit programmes.

iv) It should be ensured that there should be equal representation to all areas of the district regarding branch expansion programme. Lead bank should see that the centres recommended for new branches should represent the equalisation of the total branches in the blocks.

v) There is multi-agency system for district development but it has no alternative. It should be ensured that there should be common forums and co-ordinating machinery to formulate and implement schemes for development.

vi) RBI guidelines regarding income criteria particularly DRI, SEEUY, SEUUP should be liberalised.

vii) Unit and unit cost fixed by NAGARAD should be elastic and in certain cases, the bank should assess the unit and unit cost as per local conditions and position of the borrower.
viii) Lead bank should see that every District Co-ordinator has provided adequate trained man-power by their controlling offices and if not, lead bank follow-up this matter untill fulfilment.

ix) Operational efficiency of DCP/AAP is depend upon if the Government agencies have provided necessary infrastructure, extension of services to banks. And it is improved if there is close follow-up is observed.

x) The end use or misuse (whatever may be) of the credit extended under IRDP should be observed by Government officials through their machinery at village level alongwith banks. Such as local Sarpanch or Gram Sevak more effectively handle the borrower at village level than officer from the bank.

xi) Every branch should display on notice board the list of borrowers which are willful defaulter particularly at rural branches. And also display photographs of the borrower who has repaid the loan within stipulated period.

xii) In credit/recovery camps the IRDP and other beneficiaries under Government programmes who have repaid the loan should be awarded which will be encouraged to others.

xiii) The DCP for the next year based on the performance achieved in the current year but it is not observed that the sectors under which full target is not achieved without considering the reasons, potentials etc. for non-achievements the target for that sectors are increased in DCP. Instead of this, no additional target should be allocated uptill complete fulfilment is achieved.
xiv) As per DCP, every block should prepare plan for that block considering the DCP blockwise allocations and progress under sectors along with banks' performance should be reviewed.

xv) The achievement of the targets must be as per plan and lead bank should follow-up whether implementation is going on as per plan. If the taking all efforts, the result achieved are not as per plan, it should be planning mischief and it should be correlated by lead bank by rephasing the targets.

xvi) In the meetings of DLRC forums, the bank should give a list of overdue and irregular accounts classified as willful defaulters, hard cases and accounts going to be bad or doubtful for recovery.

xvii) The funds with Urban Co-operative banks should be utilised for district development by participating these banks under LBS.