CHAPTER-V

SERVICE AREA APPROACH
DIRECTIVES AND IMPLEMENTATION

1993
'Service Area Approach' is a new concept in rural finance management. A series of deliberations on the recommendation of Bank Economists' Conference led to its evolution. It is under implementation throughout the country from April 1, 1989. Reserve Bank of India issued detailed directives for execution of the scheme. Attempts have been made in this part of the study to evaluate implementation of 'Service Area Approach' in Bansdih block of Ballia district in the light of the Reserve Bank of India guidelines and directives. Reserve Bank of India envisaged five ingredients, i.e., allocation of service area, identification of beneficiaries, preparation of credit plan on annual basis, co-ordination between credit and development agencies and continuous monitoring of progress and implementation in its directives to the commercial banks in May, 1988. The implementation of programme in Bansdih block is evaluated on the basis of these salient features of Service Area Approach.

Identification and Allocation of Service Area

Detailed guidelines in respect of identification and allocation of Service Area to different banks were issued by the Reserve Bank of India in May, 1988. It must be emphasised there that these guidelines were issued about one year prior to the implementation of the programme, so that the lending agencies in general and lead banks in particular may prepare themselves for implementations of the programme well in advance. The
directives in respect of identification and allocation of Service area were:

"Specific areas will be identified and allocated to each rural and semi-urban branch of commercial banks including the Regional Rural Banks. Each branch may have approximately 15 to 25 villages under its area of operation, which will be known as its Service Area. Cluster approach would be followed in selecting the villages for Service area, their contiguity and proximity to the branch being the other main criteria. Villages in the Gram Panchayat would, as far as possible, be allotted to the same branch. When a particular village qualifies for allotment to more than one branch on the above principles allotment may be made to the branch which has the dominant share in financing in that village in terms of number of accounts. Subject to the above criteria, the existing allocation of villages to different branches for purpose of implementation IRDP may also be kept in view while designating areas to different bank branches.

All the villages in the block will have to be allotted among the branches. Banks have been advised to expedite the opening of branches at rural and semi-urban centres for which allotments have been made. The State Governments have also been requested to extend necessary assistance to facilitate opening of branches at the allotted identified centres. Opening of the new branches may be completed by December, 1988. The Service Area of the branches to be opened, as per allotments made may also be identified. Pending the opening of the branches, the
existing branches covering these villages may take up preparation of village profiles and transfer such profiles to the new branch as soon as it is opened.

The non-target group beneficiaries in the service area of an RRB branch will be financed by the branch of the concerned sponsor bank or, if it is too far away, by the nearest branch of any other commercial bank designated for the purpose.

A Committee headed by the Lead District Officer of the RBI with the Lead Bank officer of the concerned district as Convener and the concerned office from NABARD as member would allocate service area for each branch in consultation with the concerned bank branches. This Committee would also designate the commercial bank branches which will finance the non-target group beneficiaries in the service areas of RRB branches.

With regard to the existing loan accounts of one branch in a village which is allotted to a different bank branch, the branches concerned may arrive at a mutual understanding for transfer of loan accounts among themselves. Wherever this is not feasible, the existing loan accounts may continue with the concerned branches till they are liquidated. However, fresh financing in the villages shall be done only by the concerned service area branch. A branch is not to advance crop loan to those borrowers in the service areas whose crop loans at other branches continue to be outstanding. Where, however, the crop loans have been converted into medium term conversion loans, fresh crop loans may be
granted by the concerned branch of the service area, after obtaining full details of existing outstanding loans from the previous branch.¹

All bank branches located in Bansdih block received same guidelines for the purpose of identification and allocation of service area without any modifications or alterations from their Head offices. As it became evident in course of our study, the identification and allocation of villages to different banks were to be performed by a committee headed by Lead district officer of R.B.I. with the Lead bank Officer of concerned district as convener and the concerned officer of NABARD as member.

Perusal of the R.B.I. directives indicate that they focus on certain points in the procedures for identifications and allocations of service area. Proper implementation of the programme necessitates observation of salient features of the directives. The R.B.I. desired that each bank branch should have approximately 15 to 25 villages under its area of operation. In view of the possibility of number of branches remaining less than the required number, banks were advised to expedite opening of new branches. In Bansdih block there were hundred and forty nine inhabited villages (according to the bank records) and six bank branches in operation. In view of the above directives all inhabited villages should have been allocated to the existing branches

by allocative about 25 villages each to different branches or to bring the number of villages per branch to a lower average a couple of new branches should have been opened. Perusal of the allocation of villages to different bank branches very distinctly show that this part of the directives of R.B.I. were completely ignored as is evident from the table 5.1

Table 5.1: Allocation of Villages to Different Bank Branches

<table>
<thead>
<tr>
<th>Bank's Branch Code</th>
<th>Bank's Branch Name</th>
<th>Bansdih block</th>
<th>Other blocks</th>
</tr>
</thead>
<tbody>
<tr>
<td>No./Bank Branches</td>
<td>No. of villages</td>
<td>Population (Hect.)</td>
<td>No. of villages</td>
</tr>
<tr>
<td>02/015</td>
<td>S.B.I., Bansdih.</td>
<td>8 5062 559</td>
<td>- - -</td>
</tr>
<tr>
<td>02/016</td>
<td>Allahaba Bank, Bansdih.</td>
<td>19 6074 951</td>
<td>- - -</td>
</tr>
<tr>
<td>02/014</td>
<td>B.K.G.B., Bansdih.</td>
<td>21 6314 1440</td>
<td>- - -</td>
</tr>
<tr>
<td>02/018</td>
<td>B.K.G.B., Deorar.</td>
<td>21 14302 2345</td>
<td>- - -</td>
</tr>
<tr>
<td>02/019</td>
<td>B.K.G.B., Keora.</td>
<td>19 13528 2155</td>
<td>- - -</td>
</tr>
<tr>
<td>02/020</td>
<td>B.K.G.B., Kharauri.</td>
<td>23 14866 3256</td>
<td>- - -</td>
</tr>
<tr>
<td>06/058</td>
<td>B.K.G.B., Mishrouli.</td>
<td>17 8985 1095 10</td>
<td>- - -</td>
</tr>
<tr>
<td>15/141</td>
<td>S.B.I., Sahatwar.</td>
<td>18 13036 2922 13</td>
<td>- - -</td>
</tr>
<tr>
<td>15/145</td>
<td>B.K.G.B., Bhoghawa</td>
<td>3 2205 511 9</td>
<td>- - -</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>149 84372 15234 32</td>
<td>- - -</td>
</tr>
</tbody>
</table>
It is evident from the table that the villages of Bansdih block were allocated to the six bank branches located in Bansdih block (Code No. 02), one branch located in Dubahar block (Code No. 06) and two branches located in Reoti block (Code No. 15) against the directives from R.B.I.

It is evident from the table that while as the minimum 8 villages were allotted to S.B.I., Bansdih and 23 villages to Ballia Kshetriya Gramin Bank, Kharauni as the maximum, 38 villages from Bansdih block were allotted to the bank branches located outside the block area. Allocation of villages to branches located outside the block area was contrary to clear cut directives of R.B.I. as such allocation is being prone to difficulties in co-ordination between banking in other Government agencies. The bank branches to which 38 villages were allocated, were not only located out of the block area, but were already serving villages from other blocks. This leads to inference that the committee responsible of allocation of villages completely ignored the directives of R.B.I. from all view points and instead of allocating 15 to 25 villages per allotted only 8 villages to S.B.I., Bansdih but 31 villages to S.B.I., Sahatwar. It is thus, clear that neither the minimum nor the maximum limits were adhered to, nor the allocation of villages made only to the banks located in the block. R.B.I. directive in respect of the number of villages was not followed in the process of allocation of villages in Bansdih block. The principles of contiguity and proximity to the branches were also not observed as is evident from the map showing location of bank branches and allocation of villages. Harduttppur and Keotalia Kala villages were
in proximity of B.K.G.B. Bansdih had the dominant share in financing in the village in terms of number of accounts (table 5.2), but these were allocated to Allahabad Bank, Bansdih. Perusal of the table 5.2 establishes that the principle of the dominant share in financing has been ignored by the committee in allocation of villages.

Our study further revealed that mutual understanding, for transfer of loan accounts, were not developed as directed by the R.B.I., and not a single account was transferred in the course of the two years of post SAA operation in block. The R.B.I. had directed that fresh financing under the service area villages should only be made by the concerned area branch, but it emerges from the study that the bank branches ignored this directive too. It is surprising that S.B.I., Bansdih continued to advance substantial portion of its advances beyond the villages allotted to the branch, both as service area and out of service area.

It seems that the directives of R.B.I. in respect of identification and allocation of service area and principle of financing to allocated villages only have generally not observed at insistence of S.B.I. with Central Bank of India as Lead bank acting its pressure.

The careless manner in which the exercise of allocation of villages has been carried out becomes clear from the fact that in the initial allotment of villages only 147 villages were allotted to different bank branches in 1989-90. This did not

2. Sewa Kshetra Rina Yojana, 1989-90, pp. 74-75, Published by Lead Bank Office, Central Bank of India, Ballia.
Table 5.2: Dominant Share in Financing in Villages during 1987-89.

<table>
<thead>
<tr>
<th>Bank branches</th>
<th>Name of villages in order of Number of advances during 1987-89</th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>V</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. S.B.I. Bansdih</td>
<td>Duhijan *</td>
<td>Bankwa (9)</td>
<td>Kharauni (5)</td>
<td>Halpur (4)</td>
<td>Keora (3)</td>
<td></td>
</tr>
<tr>
<td>2. Allahabad Bank Bansdih</td>
<td>Deorar</td>
<td>Decdeeh (22)</td>
<td>Tajpur (17)</td>
<td>Muriyari (11)</td>
<td>Duhibhushi (11)</td>
<td></td>
</tr>
<tr>
<td>3. B.K.G.E., Bansdih</td>
<td>Harduttpur</td>
<td>KecatiaKala (14)</td>
<td>Parvatpur (13)</td>
<td>Deodih (10)</td>
<td>Rukumpura (10)</td>
<td></td>
</tr>
<tr>
<td>4. B.K.G.E., Deorar</td>
<td>Halpur (51)</td>
<td>Muriyari (40)</td>
<td>Deorar (33)</td>
<td>Kishunipur Gosaipur (15)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. B.K.G.E., Keora</td>
<td>Keora (53)</td>
<td>Bariyarpur (37)</td>
<td>Surahia (34)</td>
<td>Regaha (23)</td>
<td>Kedarpur (19)</td>
<td></td>
</tr>
</tbody>
</table>

(Figures in parenthesis are number of advances).

*Not allocated to the bank branches having dominant share in financing.

include six inhabited villages of Bansdih block, viz. Pranpur (Sarangpur Gram Sabha), Halpur (Halpur Gram Sabha), Dighwar (Keora Gram Sabha), Sonwarsa, Panchev and Marwat (Bahuwara Gram Sabha). Whereas, three fictitious village viz. Balapur and Kurhan (Halpur Gram Sabha) and Haddattpur (Pinderha Gram Sabha) were allotted to different bank branches and five non-inhabited villages viz. Kamalpur, Baghahi, Paghahi, Gopalpur, Gopalpur (Gram Sabha Maharajpur, Beur, Kharauni, Sarangpur and Sarangpur) were allotted respectively. Perusal of the relevant documents for the year 1990-91 reveal that 146 villages were allotted to different banks as Gopalpur village.

(Saranpur Gram Sabha) which was mentioned twice in the early list, was deleted, and Rukumpura which has been allotted to B.K.G.B. Bansdih was shifted to B.K.G.B. Deorar.

Village codes were assigned to different villages of Bansdih block in the year 1991-92. Perusal of the allotment of village codes (Appendix -1) reveals that while 4 non-inhabited villages were allotted code( from the 6 villages which were not included in the initial allocation of villages in the year 1989-90) eg. Sonbarsa, Fanchev and Marvatia were allotted code, and remaining Pranpur, Halpur and Dighwara remained without village code, besides Banghoan, Sonauli and Manauli which were also not assigned the code numbers. On the basis of these facts it can be observed that the first and the most important step in implementation of Service Area Approach has not been properly executed in Bansdih block. It may be further observed that non-allotment of village codes to the villages inside the block and allotment of codes to the villages outside the block shall render the block level data defective. One of the authors of the scheme Mr. P.D. Ojha claimed that with the implementation of Service Area Approach in India village/block level data shall outflow for use in economic analysis. It can be observed that as the result of defective allocation of villages in the scheme, the data available for economic analysis shall be defective and not fit for block level economic analysis.

Two very interesting facts emerged in the course of this study, firstly, in respect of the number of inhabited villages in Bansdih block and secondly, in respect of the allotment of non-target villages. There are differences in the number of inhabited villages in Census Report, block records and Lead Bank publications. There are three fictitious villages viz. Balapur, Khurha and Haddatpur in the Lead bank publications pertaining to allotment of villages. In allotment of BKGB, Misrauli, formed non-target area of Union Bank Ballia against directives for assignment of non-target villages.

In brief it can be concluded that in implementation of Service Area Approach Scheme in Bansdih block the allocation of villages were defective, firstly, on account of being in-equitable in area coverage, population coverage, or village coverage, secondly, the small branches with poor infrastructure and expertise, e.g. BKGB branches were allotted larger number of villages and branches with superior infrastructure and expertise e.g. State Bank of India was allotted fewer number of villages and finally with the instances of the service area of a branch falling in more than one block as in the case of BKGB Baghoan, EKGB Mishrouli, S.B.I. Shatwar preparation of branch and block credit plans became difficult. In our view defects in proper implementation of the guideline of R.B.I., is likely to affect success of the entire scheme.

Survey of the Villages

The Reserve Bank of India envisaged survey of villages to prepare village profiles. It aimed at the survey of existing
economic activities and the examination of the potentiality for their expansion. The directives were:

"After fixation of the service area, each branch is to undertake a survey of the allotted villages and prepare village profiles. Such survey will cover different aspects such as existing economic activities and potentialities for their expansion as also for undertaking new activities, available infrastructure in the area, existing skills of the villagers and coverage of rural families by the credit institutions, etc. An illustrative proforma for the survey is given in the annexure to the circular letter dated 14 March, 1988 appended herewith. It may be noted that what is envisaged is a detailed profile of the village and not a household survey.

The data available with other agencies such as DRDA, DIC, Block and other Government departments should be made use of for the purpose of survey. Village-wise survey is expected to be completed within four months from the date of finalisation of service areas.

The village profile thus, prepared will have to be updated periodically, say once in a year for preparing the credit plans taking into account the developmental changes etc., which have taken place in the interregnum. The branch managers are required to keep themselves abreast of developments taking place in their service area by means of periodical visits to the villages and establishing a continuous contact with the extension and developmental agencies."

To facilitate survey of the villages, a Schedule for survey was also enclosed by R.B.I. to different banks (Appendix-II). The proforma for survey included the sources from where the data were to be obtained and uses and interpretation of data.

The preparation of village profile formed basis for the future economic planning of villages including preparation of credit plan and examination of the possibilities and the potentialities of developmental financing in future. The thus prepared village profile were to be periodically updated. It was presumed that the banks designated for non-target financing in the cases of Regional Rural Banks shall survey villages assigned to RRBs. While different banks passed on the directives to their respective branches, Allahabad Bank specifically directed the managers of each bank branches to complete the survey within 4 months from the date of allocation of service area and that the branch managers should take up the survey of villages allotted to them and prepare village profiles.

The importance of survey in planning for economic development needs no emphasis. The entire mechanism of developmental planning depends on data feed back. The bank branches were expected to prepare village profiles for the designated service areas and to keep them up-to-date. It is surprising that none of the bank branches prepared village profiles. In the course of our study we could not get hold of a single village

7. Allahabad Bank Agriculture Credit Department, Circular No. 1101, dated 28.3.88.
profile out of 149 villages in Bansdih block. It is surprising that this crucial part of the scheme was diluted to haphazardly prepared profiles for Gram Sabha. This dilution of the directives of R.B.I. at the branch level lead to inappropriate informations regarding existing economic activities at the village level and absence of informations in respect of the potentialities for the expansion of economic activities at the gross root level. It was very clearly indicated in the Survey proforma (Appendix-II) that the R.B.I. desired village level surveys and not household surveys. Non-preparation of village profiles by the bank branches has not only diluted the execution of scheme, but has also affected the village level credit planning. Non-preparation of village profiles shall be affecting the exercise of rural lending in future also. It shall debar generation of village level economic data as envisaged by the R.B.I. and emphasised by Mr. P.D. Ojha the author of the scheme.

Preparation of Credit Plan

The next step envisaged by R.B.I. is preparation of credit plan. The credit plan has to be based on survey of the existing resources and examination of development potentials of different villages. The directives of R.B.I. for preparation of credit plan were:

"Each branch would prepare annual credit plan for its own service area on an on-going basis. For this purpose the credit plan will be first prepared for each village and the village credit plans aggregated to form the service area
credit plan of the branch. The credit plan should reflect both the needs and the potentialities of the area, on the basis of the information gained through the survey, as also other available information from local development agencies such as block authorities and officials connected with agriculture, animal husbandry, irrigation, small scale industry, V.L.W. and village Panchayat, etc. The resources available for meeting the credit plan by way of deposits, including additional deposits to be mobilised, within the service area and the funds that could be obtained from Head Office should also be kept in view in finalising the plan. The Lead Bank Officer has a crucial role in this regard. He should provide necessary guidance and support to all the branch managers in the district in the following areas:

1. Making available information obtained from concerned District Authorities and other agencies regarding likely developments in infrastructure and supporting services for different activities in the near future in the area of the branch and special programmes to be taken up.

2. Making available standard schemes for guidance of Branch Managers covering, among others, the economics of different activities identified as suitable for the district, incorporating therein the economic unit, unit cost, repayment period etc., the availability of refinance facilities from IDBI, NABARD as well as subsidy, if any, from Government and other agencies etc.

While preparing the credit plans, branches may keep in view the existing DCP/AAP and identify suitable schemes for financing in
their service area. The branch managers should use their own judgement in the light of the first hand information from village surveys as also other information available to them indicating the activities to be financed and the number of units to be financed. The state sponsored programmes such as Integrated Rural Development Programme (IRDP), Self Employment for Educated Unemployed Youth (SEEUY) and Self - Employment programme for Urban Poor (SEPUP) will continue to be handled as hitherto. The targets under such programmes will form part of each branch's credit plan.

The RRB branches should prepare credit plan only for the target group, and preparation of such plan for the non-target groups in their service area will be the responsibility of the designated commercial bank branch. The co-operative sector will continue to operate in the service area of the commercial bank branches as hitherto. Hence the latter should take into account the lending programme of the PACS/LAMPS/LDBs, while formulating their (commercial bank branches) own credit plans.

The credit plans thus prepared will also constitute the performance budgets of the branch. The activities proposed for inclusion in the credit plan of each branch in the block and the number of units to be financed should be discussed in a meeting with the Block Development Officer and his supporting staff before finalisation of the credit plans. This co-ordination with the field level government officials is expected to ensure smooth operation of the schemes and availability of non-credit inputs and other infrastructural support required.
The annual credit plans prepared by all the branches in a block, together with the lending programmes of the co-operatives, would be consolidated into the Block Credit Plan. This work would be done by the main branch of the lead bank in the block. In exceptional cases where the lead bank may not have a branch at the block level, the work of consolidation of branch credit plans into block credit plans could be done by another bank which has the maximum presence in the block, with the assistance and guidance of the lead bank. The lead bank should designate the name of the bank which will perform this task. The block plans in turn would be aggregated to form the annual credit plan for the district.  

The Reserve Bank of India (R.B.I.) envisaged that the bank branches can first prepare credit plans for each village designated to them. These plans then shall be aggregated to form the service area credit plan of the branch. In the course of this study, amongst the commercial banks operating in Bansdih block viz. S.B.I., Allahabad Bank and B.K.G. Bank sponsored by Central Bank of India, it became evident that they have different perceptions about the relevance and utility of village credit plans. The Central Bank of India in its publication, "Rural Lending Service Area Concept - Formulation of credit plan", hardly mentioned the need for village credit plan. The State Bank of India in its publication "A Project Report on Service Area Approach Concept, Problems and Advantages in its Implementation" simply stated that, the aggregate credit plan for the district would be prepared by the main branch of the lead bank in the block.

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to be disbursed activity/schemewise in the service area villages allotted to the branch may be consolidated from the village credit plans and incorporated in the branch credit plan. In contrast to the above Allahabad Bank issued specific guidelines for preparation of village credit plan as given below:

Preparation of village credit plan: while formulating the village credit plan the following things are to be kept in mind:

1. Potentiality of the area.
2. Resource availability with bank.
3. Past performance of branch in financing particular activity.
4. Corporate policy of bank and business plan of area.

The broad steps involved in preparation of a credit plan can be stated as follows:

(i) Confirming the technical feasibility of activity.
(ii) Establishing the economic viability of activity.
(iii) Estimating the potential number of technically feasible and economically viable units and,
(iv) Estimating the number of units which would require credit and quantum of credit available from the bank (credit plan) complete information about acredit already given and to be given by banks and co-operatives for new activity.

Confirmation of the technical feasibility of the activity can be done by identification of the same with the help of the following methods:

(a) Consultation with the Government Officials about their
(b) Activities planned in the existing District Credit Plan prepared on the basis of the potential and natural resources existing in the area.

c) Discussion with the village Pradhan, progressive farmers and other farmers in the village.

d) Ascertaining the ongoing schemes/projects in the area.

e) Ascertaining the potential for the new activities in area.

From the above, one has to ascertain the relationship between resources and resultant productive income possibilities for each activity to be included in the credit plan.  

It became apparent in the case of the study that in Bansdih block village credit plan were not prepared, but on the basis of background paper provided by the Lead Bank Office the branch credit plan were prepared. The process of credit planning from the bottom, in the village level as desired by R.B.I. was reversed and the process of credit planning from the above on the basis of background paper provided by Lead Bank was adopted. This naturally affected the participation of Village Development Officer as representative for development agencies and their involvement in planning for the development of the villages.

9. A Note on Service Area Approach : Allahabad Bank Staff College, Bala Nagar, Hyderabad AGR/3/90,pp. 5-6
The Block Credit Plan and Block Branch Credit Plan thus emerged as the bifurcations of district credit plan and annual action plan. The practice particularly affected the branch level credit planning in the branches to which villages of more than one block were assigned as happened in the cases of those villages which were allotted to the branches outside the Bansdih block.

Co-ordination and Monitoring

R.B.I. to ensure proper implementation of Service Area Approach Programme through active participation of the functionaries of financial institutions and development agencies at the block level envisaged formation of Block Level Bankers Committee. The relevant directive of R.B.I. in this respect were:

"A Block-level Bankers' Committee (BLBC) would be formed to co-ordinate the activities of the banks and the government officials. All the banks operating in the block including DCCB, LDB and RRB would be members of this committee. In addition, the Block Development Officer and the technical officers in block looking after agriculture, industries, animal husbandry etc. would also be the members. The Lead Bank Officer of the concerned district would be the Chairman of the committee, and in his absence, the seniormost branch manager of the Lead Bank would preside over the meeting and he would also work as its convenor. If the Lead Bank has no branch in the block, as stated earlier, another bank which has maximum presence in the block and designated by the Lead Bank shall act as the convenor. The Lead District Officer of the the Reserve Bank of India and the concerned officer
from NABARD should draw up definite programmes for attending the block level meetings in such a manner that as many meetings as possible are attended by at least one of them.

The BLBC is expected to meet at least once in quarter to perform the following functions:

1. To discuss the credit plans of different branches and their aggregation into Block Credit Plan.

2. To review the progress in implementation of Block Credit Plan and the performance of each branch in relation to its branch credit plan.

3. To consider operational problems in implementation of credit plans with special reference to enlisting the cooperation of State Government departments etc. in provision of inputs, infrastructure and linkages.

4. To review the progress in implementation of government sponsored programmes, i.e. IRDP, SEEUY and SEPUP, including their impact on the beneficiaries.

5. To allocate service areas to new branches opened in block and,

6. To monitor the recovery programmes and the adequacy of steps taken in this regard, including the support available from the State Government machinery.  

In accordance with the directives of R.B.I., E.L.B.C. (Branch Level Bankers Committee) has been setup to co-ordination.

10 R.B.I., "Service Area Approach - Formulation of Credit Plan" PP.
and monitor the activities of banks and government officials. It may be observed that this committee meets in Bansdih block, as per directives of R.B.I.

Though, detail directives for implementation of Service Area Approach by the banks were issued by the R.B.I. through two documents circulated to all Scheduled Commercial Banks including Regional Rural Banks, R.B.I. revised the guideline on March 11, 1991. The first document entitled Rural - Lending Service Area Bank Branches was issued on March 14, 1988 and the second documents - Service Area Approach Formulation of Credit Plan in May 1988. The second document stated that it covered the Service Area Approach Scheme upto the first three steps, i.e. Identification and allocation of villages, survey of villages and preparation of credit plan on an annual basis. The revised guideline also covered these items. As the result of which semi-urban and urban branches of commercial banks and DCCBs/RRBs/SFCS were also directed to prepare credit plans. This was necessitated arrangement for providing computer facilities at district level was envisaged under new directives. The branches were required to submit a copy of credit plan to their Regional or designated Head Offices for resource monitoring. It must however, be mentioned that "the unit of planning as envisaged under the Service Area Approach (S.A.A.) is the village and therefore the credit plan may be prepared for each of village in service area and aggregated into service area credit plan." Despite these directives unit of

planning in Ballia district under the Service Area Approach is not the village as envisaged under the Service Area Approach Scheme.

It can thus, concluded that the directives of R.B.I. have not been observed in implementation of Service Area Approach in Bansdih block as the allocation of villages to branches is defective and incomplete, the village profiles have not been prepared and are not being updated and village credit plans are not prepared.