CHAPTER VII

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

7.1 INTRODUCTION

Lead Bank Scheme is first suggested by the study group of National Credit Council under the chairmanship of Mr. F.K.F Nariman. Lead Bank Scheme and the recently introduced service Area programme under this scheme aimed to bring out an all round economic development of each village, block and district of the country. The Lead Banks are asked to play the lead role in the allotted districts. They are entrusted with the responsibility of preparing district credit plans and Annual credit plans which are in fact sector-wise, bank-wise and scheme-wise blue prints of rural lending activities for three years period and one year period respectively. So, under the Lead Bank Scheme, District is considered as the lowest unit of planning. The lots of developments have been taken place and many more yet to be done, since the empirical evaluation of the working of Lead Bank in Tirunelveli District has been considered world wide.

The followings are the objectives of the study.

1. To discuss the organizational structure and functions of Lead Bank
2. To study the trend and growth of number of branches, deposits and advances of Lead Bank in Tirunelveli district.
3. To evaluate the target and achievement of Lead Bank in Tirunelveli district.
4. To analyse the credits, recovery and outstanding performance of Lead Bank in Tirunelveli district.
5. To highlights the perception of bank employees towards working performance of Lead Bank.
6. To identify the important components and its level of influence on working performance of Lead Bank.

7. To offer suitable suggestions based on the findings of the study.

Both primary as well as secondary data are used to evaluate the working performance of Lead Bank in Tirunelveli District. The secondary data relating to number of branches, deposits, advances, target achievement, demand, collection outstanding and the like from District credit plans and Annual credit plans period by Lead Bank, Tirunelveli were obtained for the period of 10 years from 2008-09 to 2017-18. In order to analyse the perception of Lead Bank employees towards working of Lead Bank Tirunelveli district, 300 sample respondents were randomly selected by simple random sample method. Direct personal interview method was also used to collect primary data from Oct 2017 to March 2018.

In the foregoing chapters, the organizational structure and functions of Lead Bank, trend and growth of number of branches, deposits, advances, target, achievement, loan disbursement, recovery and outstanding, factors influencing the perception of bank employees and identify with the important components of working performance of Lead Bank in Tirunelveli District are discussed. So the major findings, suggestions and conclusion are presented.

7.2 SUMMARY OF FINDINGS

In chapter IV, trend and growth of deposits, advances, target and achievement of lead Bank in Tirunelveli district for the period of ten years from 2008-9 to 2017-18 are discussed.
The analysis can be classified under the following leads.

i. Analysis of location-wise the member of branches, mobilization of deposits and advances.

ii. Overall target and achievement under annual credit plan (ACP) in Tirunelveli District.

iii. Sector-wise target and achievement under annual credit plan (ACP)

iv. Agency-wise performance of priority sector advances under ACP and


Regarding, the location-wise of Rural, semi Urban and Urban, the number branches, the analysis revealed that a remarkable progress in number of branches in all location could be found during the period of study in Tirunelveli District. The average number of branches are 121 in Rural, 134 in semi Urban and 92 in Urban Lead Bank scheme in this district. But the high fluctuation in growth was found in Urban location branches as evidenced through c-efficient of variation. The high growth in number of branches was also observed in urban branches followed by rural area.

The numbers of branches were increased tremendously during the period of study in Tirunelveli district. The Aggregate deposits of all the banks were recorded about more than two fold increase in deposits. Another yard for measuring performance of lead Bank Scheme is advances. The advances made by all the banks were more impressive over the period under study. It is confirmed further the C-D ratio which was more than 75 per cent. The High fluctuation was found in advance so that the deposits and the number of branches over the period under study, the growth was also found high in advances followed of deposits and number of branches particularly.
The chi-square test is applied to examine the following null hypotheses.

i. There is no significant variation between actual and estimated values of number of branches.

ii. There is no significant variation between actual and estimated value of deposits.

iii. There is no significant variation between actual and estimated values of advance.

The computed chi-square resulted showed that all the above three null hypotheses are accepted. This may conclude that there is no significant variation in actual and estimated values of the number of branches deposits and advances.

Agency-wise Analysis revealed that the private sector banks had recorded more two fold growth in number of branches, deposits and advances under ACP in Tirunelveli district. The C-D rates was also confirmed the results during the period of study. The High variation was found in advances followed by the advances on the other followed by the number of branches and deposits.

Regarding, the private sector banks, the number of branches, mobilization of deposits and advances were high recorded during the period of study. This may conclude that the functions of private sector banks got a remarkable for implementing the schemes under Lead Banks.

In the case of Regional Rural Banks, though a constant number of branches, the mobilization of deposits and advances was found a well progressed. It is confirmed with C-D ratio which was varied between 84.80 per cent and 99.23 per cent during the period of study. The High growth was also found in advances (8.914 per cent) followed by deposits (7.640 per cent).
The role of co-operative banks for promoting schemes under Lead Bank schemes was found remarkable and well achieved during the period of study. The High fluctuation was found in deposits followed by advances.

The other financial institutions have made a much progress in mobilization of deposits and advances during the period of study. The High fluctuation was found in advances compared to deposits.

Thus, it may be included from the analysis that the banks had skied and played a very important role to promote schemes and ACP in Tirunelveli district.

Regarding the overall target and achievement under ACP in Tirunelveli district, the target was increased every year under study. The percentage achievement was varied 80.45 per cent to 102.72 per cent. It is inferred that the achievement of overall target was found to be remarkable in the study areas. The High growth (9.207 per cent) was found in achievement over the target.

The percent of achievement over the target of commercial banks (both public and private sector banks) was found between 81 to 96 per cent over the periods under study. The average amount of achievement was found less than the target amount allotted to the schemes under ACP. But the high growth (8.927 per cent) was found as achievement rather than the target.

Regarding Regional Rural Banks, the percentage of achievement over the target was varied between 70 to 78 per cent. It shows that the achievement of RRB was found to satisfactory during the period of study.

The percent of achievement over the target of co-operative banks was varied between 54 per cent and 95 per cent during the period of study. It is inferred from the
analysis that the achievement of co-operative banks under ACP got increased constantly during the period of study. The High growths rate (14.590 per cent) was found in achievement rather than the target (8.632 per cent).

Regarding, the other financial Institutions (OFI), the percentage of achievement over the target was varied located 43 per cent to 56 per cent, OFS plays a moderate role for promoting the scheme under ACP in Tirunelveli district.

The Sector-wise analysis of the achievement revolted that a high performance was found in agriculture and industrial sector and moderate performance of achievement was observed in service sector during the period of study in Tirunelveli district.

The Agency-wise analysis of performance of priority advance under ACP showed that the outstanding performance was found among public sector banks as well as private sector banks in the study areas. It is followed by the co-operative banks. But performance RRB was found poor for agency-wise achievement of priority sector advances.

Regarding, the agency-wise achievement of Government sponsored programmers. TAHDCO was found high priority followed by SHG in the study areas under ACP.

In chapter V, The Analysis of credit, outstanding and recovery performance under the Lead Bank schemes in Tirunelveli district are discussed.

The analysis of this chapter has been classified under the heads.

i. Allocation of total outlay under Annual credit plan.

ii. Sector-wise credit under Lead Bank schemed in Tirunelveli district.

iii. Sector-wise outstanding advances under ACP and

Regarding, the allocation of total outlays, the analysis revealed that a highest allocation was found steady increases during the period of study. Among the agencies, the commercial banks stood first allocation followed by the Regional Rural Banks, co-operative banks and other financial Institution in the study areas. It is inferred from that the commercial banks performance was found to a high record and satisfactory achievements in this regard.

One way ANOVA is carried out to test the rural hypothesis that there is no significant variation among banks between years.

The results revealed that the null hypothesis is rejected. Hence, there is a significant variation in allocation among banks and between years. Regarding sector-wise allocation, Agriculture sector got the largest share of outlay allocation and it was ranged from 66 per cent to 81 per cent during the period of study. Regarding the stability, the highest fluctuations was found during the period of study.

ANOVA was applied to examine the null hypothesis that there is no significant variation in outlay allocation among sector and in between years.

The computed results rejected the null hypothesis and there is a significant variation in outlay allocation among different sectors and in between years.

Regarding sector-wise credit, priority sector was achieved a good record in their regards. The achievements of credit to agriculture sector was also good and a remarkable achievement. The High growth rate was found in agriculture sector in this regard.
Agency-wise analysis revealed that the performance of public and private sector banks were in appreciable position in the study area. The performances of the Regional Rural banks were found to be moderate in this regard. But in case of co-operative banks, the performance of credit to sector was found to be unsatisfactory.

The analysis of sector-wise outstanding advances revealed that the average outstanding advances over the period under study was found high in priority sector followed by agriculture and MSME so the high growth rate was found in outstanding advances in agriculture sector. These, it may be concluded that the outstanding advances of all the banks were found to be nominal during the period of study.

Regarding, the Recovery performance, the recovery performance was found good in all the banks under Lead Bank schemes in Tirunelveli district. But, the high fluctuation was observed in collection of public and private sector banks during the period of study. Overall, it may be concluded that the schemes under Lead Bank was remarkable progress and a good record in collection and recovery also.

In chapter VI, the perception of Lead Bank employees towards working performance of Lead Bank in Tirunelveli district was under study.

For the purpose of analysis, 300 employees were randomly selected from various bank branches under Lead Bank Schemes.

Out of 300 respondents, the majority of them belonged to the age group of 40-50 years followed by 30-40 years. Nearly 80 per cent of there are male and 85 per cent of them are married. Widow/widowers are found only 6 per cent.

The majority of the respondents (209/300) are under graduates and 67 respondents are post-graduates out of 300 respondents, 23 per cent, 66 per cent and 11 per cent of them
belonged to officers, clerical staff and sub-staff and the category respondents have 10-20 years of experience and another 23.67 per cent have more than 20 years of experience.

Regarding the monthly salary, out of 300 respondents, the majority of them (57.33 per cent) have Rs.50000 to Rs.75000 as salary per month. It is followed by Rs.25000 to 50000 (22 per cent), Rs.75000 and above (11.34 per cent).

The level of perception towards the working performance Lead Bank can be classified into High, Medium and low level. Out of 300 respondents, 117(39 per cent) respondents are belonged to the high level perception, 141 (47 per cent) respondents came under Medium level perception and 42 (14 per cent) belonged to low level perception.

In order to examine the relationship between profile variable of the respondents and their level of perception, chi-square test is applied.

The results revealed that the profile variable namely age, marital status, educational status, Cadre, experience and monthly salary got influenced the level perception towards working performance of Lead Bank in Tirunelveli district.

In order to identify the dimension of working performance of Lead Bank, factor analysis is used. The results revealed that the 46 statements related to the working performance of Lead bank were extracted into seven factors.

1) Working funds are adequate enough to meet the credit needs.
2) Funds from higher financing agencies are adequate enough
3) Funds are sufficient enough to meet the priority sector and Government scheme advances.
4) Deposits schemes are sufficient to suit the requirement of depositors.
5) Loans are sanctioned for the development of the priority sector.
6) Lending schemes are suited to the borrowers.
7) Convenient repayment period is allowed
8) Margin requirement are properly maintained
9) Loan is sanctioned without any delay.
10) Loanable funds are sufficient to meet the needs of the beneficiaries.
11) Rate of interest on loans is low
12) Adequate security is obtained before sanctioning loan.
13) Anticipation of loan schemes reduces the rate of recovery of loan
14) Lack of adequate staff is the reason for the low recovery
15) Most of the loan amount is misutilised by the borrowers.
16) Political intervention encourages the borrower not of repay loan
17) Recovery procedure is not adequate enough
18) Non-repayment of loan is due to natural calamites
19) Strict legal provision are not available for recovery of loans
20) No encouragement from the staff in recovering the loans.
21) Funds are invested, keeping in mind the liquidity position
22) Higher amount of over dues leads to loss for the banks
23) Increase of operational expenses leads to low profitability.
24) Lack of sufficient low-cost funds is responsible for low income
25) Strict financial discipline is followed in the bank
26) Strict regulations of the Government restrict the freedom of the bank.
27) Government pays the subsidy amount of loan promptly.
28) Training facilities are not sufficient to update the knowledge of employees.
29) Workload of the staff is reasonable
30) Welfare measures of the bank boost the moral of the staff.
31) Selection of staff is elicitation, fair and systematize.
32) Performance appraisal methods are undertaken regularly.
33) Bank branches have adequate manpower resource for implementing credit plans.
34) Smooth co-ordination with Lead Bank and the related agencies.
35) District level authorities co-operate with us in implementing the branch credit plan
36) Block level authorities co-operation in implementing the branch credit plan.
37) Various government departments co-operation for complementing Government sponsored schemes
38) Co-ordination with Lead Bank through mutual and personal consultation.
39) Co-ordination with Lead Bank through discussion/meetings.
40) Promptly send the required information to the Lead Bank District co-ordinations for conducting Block level meetings.
41) Government agencies co-operate with us for identifying the beneficiaries for government sponsored schemes.
42) Delay in sanction the subsidy under various Government sponsored schemes.
43) Service area approach in respect of the freedom of villages is selecting the lending agencies.
44) Lead District Manager provider necessary guidance and support for preparing branch credit plan.
45) Provide necessary support by way linkages, infra structure services for implementation of the credit plan.
46) Lead Bank in achieving the priority, sector lending target every year.

To examine the level of influence as the working performance, multiple log linear Regression model is fitted. The results revealed that among the factors identified, only four factors namely mobilization of adequate funds, disturber severed of loan and advances, financial performances and operational Efficiency were statistically significant influences on the working performance of Lead Bank in Tirunelveli district. Among the significant factor, the operational efficiency had a greater influences on working performance of Lead Bank in the district.

7.3 SUGGESTIONS

The following suggestions for improving the present state of affairs of the Lead Bank function and scheme.

As proper identification of beneficiaries is a basic requisite for the success of the Lead Bank Scheme providing Sufficient care should be taken to make identification
properly. Any sort of pressure from any quarter should never be entertained for this purpose.

It is also suggested that Bank Managers should be provided with full authority and scope to identify the borrowers on the basis of merit in accordance.

It is understood that so long as technical officers and field staff member are not posted in each branch, a consultancy cell should be established in the district in touch with Lead Bank office to afford practical help for making plans and processing loan applications.

It is suggested that an advisory committee consisting of a technical expert and an economist to help the controlling offices of the banks in each district in the matter of credit planning and its implementation, should be formed.

Some Immediate measures must be taken care by the government to ensure quick disposal of pending recovery cases, particularly those cases lying with the certificate officers. If some exemplary punishment can be given for willful non-payment of bank dues, it will create a psychological pressure on the erring and defaulting borrowers in the study areas particularly.

Like Regional Rural Bank branches and commercial bank branches specific service area should also be allotted for co-operative banks. This will help in eliminating the competition still prevailing among the banks under the present multi-agency approach and minimising the chances of overlapping credit.

As the study of the bank employees, in the place of posting is badly needed for development of the informal relationship of those employees into the rural people, arrangement for providing necessary in centres like accommodation for family at the place
of posting, next posting to the place of choice of the performance is good and weightage for next promotion should be done. This will help increasing the rural motivation of the bank employees.

The banking authorised and the Lead Bank Office should show more honest and sincere interest to publish the data regarding the position of recovery and the outstanding advances. This should be done for the sake of public accountability and bringing general awareness among the bank branches regarding the adverse recovery position. The government should proceed to make necessary legislation for compulsory publication of the data regarding recovery by the banks.

7.4 CONCLUSION

The basic principle of banking system is to disburse new loans after recovery of the old loans. But as the necessary performance, especially in respect of priority sector financing, it is painfully poor, the recycling of funds has become totally impossible on the part of bankers. It may be concluded that such poor recovery of dues could create an advance impact on the bankers about sanctioning and releasing of new loans to the defaulters borrowers. It is also observed that the poor infrastructure may also be identified as one of the major problem in attainment of credit target by the banks in Tirunelveli district. It is also understood that the political interferences may also lead to disburse loan to ineligible persons now and then. As a result the credit disbursement in many cases does not help income generation and never serve the purpose almost.
7.5 SCOPE FOR FURTHER RESEARCH

The followings are the further areas of research in Leak Bank.

1. Role of Lead Bank in promoting S.S.I units.
2. Effectiveness of Lead Bank Finance to small scale Industries.
3. A Study on overdue position and recovery performance of Lead Bank Credit.
4. Role of Lead Bank in priority sector Lending with special reference to Agriculture.