CHAPTER V
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SUMMARY AND CONCLUSIONS

Agriculture is the predominant sector of rural India. It brings an improvement in the economic life of the people and the national income. This sector provides employment to the largest number among the rural areas, promotes industrialisation and reduces the pressure on land. In brief, an improvement in rural sector leads in progress of the national economy. However, its prosperity depends on the availability of wherewithal. Credit is prime input, the use, to the fullest, of the other resources depend on the presence of it. It is fact that Indian rural people hardly saved from out of their enterprises and hence depend on borrowings. An efficient system of rural credit, therefore, is essential to sustain, stimulate and strengthen the rural sector.

In the sphere of rural credit, the commercial banks, regional rural banks and cooperatives have been operating. Due to lack of coordinated effort, the credit agencies in the organisational sector could not provide the credit requirements of the Indian rural people in order to achieve the expected progress. Under these circumstances, the economic development of the country in general and the rural economy in particular needs an approach with collaborative,
coordinative and cooperative effort covering the aspects of rural economy. As a result, the concept of 'Area Approach' was conceived to direct the commercial banks to act as 'pace-setter' for providing integrating banking facilities. The implementation of the lead bank scheme was a major step with dual objective of tapping deposits and lending credit particularly to the weaker sections of the community.

The lead bank is to prepare district credit plan to push up the growth rate of the district's economy. But the lead bank with it's constraints could not gainfully intensify the various measures which would require for the promotion of economic development. This may be due to the lack of cooperation among the rural credit agencies and between them and the 'Development and Administrative Departments of the district; and for want of effective follow-up action'. Examining the working results of the lead bank scheme is the main objective of the present study with reference to Anantapur district.

The evaluation of the working performance of the lead bank and thereupon suggesting remedial measures need the review of literature to get an insight into. A few related studies to the present work is reviewed. Though found
appropriate suggestive measures but they may not be applicable to the drought prone district of the Anantapur. Hence the present study. From the profile of the district, it is found that the district Anantapur is semi-arid in nature with dryland crops. Higher dependancy and less acreage followed with low and scanty rainfall are the characteristics of the agricultural sector in the district. The emergence of an effective rural credit system would give relief to the constraints of rural enterprises.

The lead bank scheme is aimed at the balanced growth of the economy in the district by conducting surveys, identifying unbanked and under-banked centres and allotting those areas to various banks, forming various committees, executing credit plans and bringing coordination among various agencies. The lead bank among various people and institutions could not make aware in its true sense with its scope, objectives and significance. Due to differences in ideologies and administrative styles, coordination between the rural credit agencies and the administrative authorities is much more difficult and complicated. The main problem confronted here is integration of credit plan prepared by the lead bank with the development plan and recovery of loans.
The officers of the banks other than the lead bank in the district show interest in target performance without considering the needs and conditions of the area for its development. Majority of them have said that they do not have information, and the information is available with the lead bank at the district is the response when the author approached them, and some said, problem in getting 'no dues' certificates. Added, for many questions the answer is that the lead bank would provide information in detail. This could bring into light that they never felt that they are partners of the scheme. The lead bank has experienced difficulty in securing information for the preparation of the district credit plan. Whatever the data available at district level and block level it was inadequate and incomplete. Another problem is the participation of the developmental agencies in some instances is very much doubt which in turn due to concentration of the ruling party at the state level. No coordination in respect of identification of beneficiaries particularly in agriculture. The adoption of different forms by different agencies causes much consumption. Hence it is suggested that preparation of a list of small and marginal farmers for every village of the district. Another area where coordination needs with regards to release loans both in cash and kind in collaboration with input distribution by the commercial banks like that of cooperatives. Coordination is inevitable in the recovery of loans.
The relevant and timely data was lacking in preparing plans for the development of the rural sector. While the lead bank prepared credit plan for the entire district, the block authorities prepare plan for the block. These different plans for the same area without collaboration and integration of efforts in the approach to development.

The bank branches should be provided adequate staff such as planning officer and agricultural officer. They might be given proper orientation-training by means of periodical seminars, workshops etc. Once they will inspire and immense with rural problems, they will work for rural people.

For mechanising data compilation and consolidation in the banks, a code of conduct should be imposed on all the constituent members of the lead bank; and a responsibility on the part of the district administrative and developmental agencies should be made so that they will participate in programme with all the details. This should embrace all information covering 20 point programme.

Coordinating various agencies is the main role of the lead bank. The district consultative committee, district coordinative committee and district development council are the main organs which should take decisions for the integrated
development. The author could observe that in many instances the district collector, who is the Chairman of all the committees did not attend many meetings. This led the other officials tend to plead excuses. An important dignitary in the place of the collector should be appointed as Chairman of all these committees concerning the lead bank scheme. This should certainly suit to take decision on tailor made rather ready made approach.

The analysis of location quotient points out prominently that the planning was influenced by the number of branches in the division than the need of the district. This was the result of uneven distribution of branches in the district. The results of uneven distribution of branches create imbalance in banking services. For the success of lead bank efforts, the uneven distribution of branches should taken to be a serious impediment and measures correct to it should be implemented.

A branch is to be opened where the population served per branch is more than 20000. Mere expansion in unbanked/underbanked areas does not reflect the progress of the district because the viability which depends on mobilisation of deposits and deployment of funds, is questionable. Care is to be taken to ensure that the mere branch's strength, viability and resilience are not weakened. Identification of growth
centres for opening branches through the initial and further surveys could not provide an indicator of banking needs on the basis of area approach. But the realistic and relevant norms to the conditions of an area should be adopted in opening branches.

The preparation of the credit plan is the stupendous task of the lead bank which need the people with experience and expertise. In this regard, many people at the committees have lacking expertise. A consultancy cell should be formed in touch with the lead bank to afford guidance to prepare credit plan. Sufficient attention should be given to planning stage and operating stage, taking various problems into account concerning the district's economy.

The credit plan is formulated by the functionaries in the bank and Government Departments. It is then discussed in a committee in which Legislators are also members. The functionaries in the formulation of plan adhere to the convenience approach while the Legislators or the supporters of the political party try to safe-guard the class, caste or area interest. None examines the plan impartially from the point of view of urgency, expediency and viability. Thus, there is need to make involve impartial experts in the formulation of plan. Otherwise the borrowers face a difficult
condition to get sanctioned their proposals. The borrowers are mainly from rural areas and are illiterate and innocent of the complex and lethargic loan procedures of the banks. Further, they are being tossed from one bank to another bank either for information or sanction. Such a state of affairs dissuade the prospective borrowers and results in frustration. Some bank branches in the district should be developed to function as lead banks for particular sector say the State Bank of India for agriculture, Andhra Bank for small scale industry. This will utilise the services to a greater extent of such experts already available with the banks.

The rural credit agencies have a social responsibility towards weaker sections like small and marginal farmers. Under the concept, priority sector, they are expected to finance weaker sections in a big way. But the concept, weaker section farmers is defined in terms of size of land holdings. Besides the size of land holding, the other factors such as irrigation facility, cropping pattern, occupation of family members etc. should also taken into account, because these factors greatly influence farmers' income. Further, the rural credit agencies should take steps for employment oriented rural development programmes. In other words credit should be integrated with job-oriented programmes. Then only it does help the people.
The study also revealed that the recovery performance has been deteriorating due to poor quality of lean portfolio which in turn due to political interference. The follow-up and effective steps should be taken for better recovery of loans. While providing loans in accordance with the norms, the group or individual should be identified on the support of developmental agencies. Further, potentially viable projects in agricultural sector should be identified well in advance say, sheep, piggery, poultry, taking into account the available resources. Since the Anantapur district is semi-arid, the rural credit agencies should also take lead in identification ways and means for minor irrigation development on the support of Irrigation Department.

Absence of proper budgeting and monitoring system in respect of performance of branches in the district is main drawback. With this lacunae, no plan can be made successful. In other words, it would lead in uneven distribution of the share of credit and shortfalls in the achievement of the planned objectives. The lead bank should not be determined unilaterally the targets for the participating institutions but finalised in consultation with them keeping in view their achievement.
In a district like Anantapur which got several rural development agencies at work and which is under the drought prone area programme started by the Government with the help of World Bank, a credit plan needs to be little different from those in other districts. The credit plan does not merely deal with the credit available but has to incorporate all those special schemes formulated by the Government agencies for the development of farm and other sectors. The plan is, therefore, to be comprehensive and needs much more effort for integration of various schemes and the synchronisation of efforts of various agencies in the task of development. In brief, there are three principle drawbacks in the programme for district's economic development. They are delay, deficiency and dearness. All the functionaries engaged in the task of development would see that these constraints do not recur in the efforts taken for the perspective plan of the lead bank in providing integrated rural credit. To sum up, the lead bank should act not only as a leader but a friend to its constituent members which should create a sense of 'willing' among them for synchronisation of the efforts of those agencies in the task of rural development.