CHAPTER VI

ORGANISATIONAL ARRANGEMENT UNDER LEAD BANK SCHEME

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ORGANISATIONAL ARRANGEMENT UNDER LEAD BANK SCHEME

6.1 INTRODUCTION:

A proper organisational set up at various levels has become necessary for the effective implementation of the Lead Bank Scheme. The commercial banks have greater responsibility and role to play in this regard. Initially, the lead banks did not realise the importance of an organisational set up to ensure better co-ordination and proper implementation of the scheme. In the light of the emerging responsibilities of the banking sector, suitable changes in the organisational machineries of different banks and financial institutions were necessary. In fact, the Lead Bank Scheme requires the conscious effort of all the banks and financial institutions and the government machineries under the leadership of the lead bank in the district. Different organisational set up at different levels of the bank branches, lead banks, non lead banks, Reserve Bank of India and the State Government are visualised for proper execution of the Scheme.

The Committee to Review Arrangements for Institutional Credit for Agricultural and Rural Development (CRAFICARD) had, inter alia, recommended that a review of the working of the LBS, which had completed more than a decade of
its working, may be undertaken by the RBI. This suggestion was considered by the bank and a working group was set up in November, 1981 under the chairmanship of the Chief Officer, DBOD, of the Bank.

The Committee submitted its report and the recommendations as modified by the Reserve Bank of India are as under.

1. The Lead Bank officer (LBO) should ideally be of a rank not lower than that of the manager of the district headquarter branch and he should report directly to the controlling authority who supervises the branches in the district. The tenure of LBO in a particular district should be for a reasonable period, say three years, to have a degree of continuity.

2. Involvement of LBO in developmental activities would be conductive to his effectiveness. LBO should not, however, be burdened with other unconnected functions of administration and operational nature.

3. The district co-ordinator should be a separate officer other than the branch manager, reporting directly to the Regional/Divisional officer which controls the branches in the district. Where the bank has ten or more branches in the district, there should be a separate district Co-ordinator. In other cases, one district co-ordinator may be in charge of two adjoining districts. However, in the case of
banks having Regional offices for controlling branches in 2 or 3 districts and the Regional Managers themselves participate in DCC meetings and are responsible for the development activities of the branches in the districts, there may not be a need for a separate district Co-ordinator. In such case, banks may seek the concurrence of RBI for the purpose. The district co-ordinator's duty should be to look after the bank's role under the Lead Bank Scheme in the district. He could be conceived as a district officer of the bank.

4. The organisational set up at the Zonal Offices of banks to look after the bank's role under the Lead Bank Scheme should be strengthened suitably and the Zonal officers should report to Head office in regard to the actual performance of the bank's branches in their area under the Lead Bank Scheme.

5. The banks should review the performance of their branches vis-a-vis the share in DCP/AAP accepted by them not only in their lead districts but also in other districts in which they operate.

6. Since their unwieldy size has been one of the major factors impairing the efficiency of DCCs, the Group feels that it is necessary to consider reconstituting this forum into a very compact one which should meet once in a quarter.
7. Only banks and other financial institutions, having a sizeable share in the AAP and the district level officials of the departments important from the point of view of AAP should be members of the District Consultative Committee (DCC). Thus, apart from DCCB, LDB, RRB and the Lead Bank, 5 or 6 banks operating in the district may be selected on the basis of their branch network, priority sector lending and share in DCP/AAP for membership of DCC from the side of financial institutions. Each member should be represented by one official of an appropriate level at DCC. DCC should be maintained at a compact level of 20 to 25 members so that the discussions at this forum are meaningful and result oriented.

8. The agenda and notice of the meeting should be sent sufficiently in advance, say 15 days. The proceedings should bring out the discussions and decisions arrived at clearly. The items not advised beforehand but raised in the meeting should be listed separately in the proceedings.

9. A small subcommittee of the DCC as Standing Committee should be constituted to monitor IRDP at the district level. It should meet every month. It should be chaired by the District Collector and have as its members the Chief Executive of DRDA, focal point officers of the district, LBO, LDO and representatives of NABARD and other banks having major share in IRDP lending. Any important matter other than IRDP concerning DCC requiring urgent attention may also be considered by Standing Committee.
10. As a general review of performance under DCP/AAP is undertaken in District Level Review Meeting, they should be held at half yearly intervals. It would be appropriate to designate this forum as District Level Review Committee to reflect the nature of its functions. Since DLRC is a separate forum, it will not be necessary to combine the DCC and DLRC meeting. A cross section of non officials could be advantageously associated with DLRCs.

11. It should be ensured by the LBO that the financial institutions and Government departments furnish to him before hand suitable back-ground notes on the subjects proposed for discussion at DCC. The agenda and notice of meeting should be sent sufficiently in advance, say 15 days. The proceedings should bring out clearly the discussions and decisions arrived at. The agencies responsible for taking further action of the decisions together with the time schedule for such action should be indicated in the proceedings. The concerned agencies should provide necessary feed-back regarding the action taken on the decisions to DCC. LBO should follow up issues requiring action by banks and other financial agencies. Bank management should make it clear to all their branches that it is a part of the duty of LBO and district co-ordinator to oversee the performance of branches under Lead Bank Scheme. The LBO should work with close rapport and have frequent consultations with the focal point officer of the state Government.
12. While ensuring that DCC becomes a compact forum for meaningful discussions, it is necessary to secure an arrangement for adequate rapport between the DCC and those institutions which are not represented in it, on a permanent basis. LBO should function as the focal point of such coordination by convening regularly, meetings with the district co-ordinators of non-lead banks. These meetings could be held well in advance of the DCC meetings so that the problems thrown up could be taken up at DCC forum. LDOs of RBI should also be invited for such meetings. The special meeting of bankers convened for finalising the allocation of shares in DCP/AAP should also be attended by all participating financial agencies.

13. Banks/ Financial agencies should include, in the internal assessment of bank personnel, their performance vis-a-vis the Lead Bank Scheme, so as to include the required sense of accountability on their part.

14. With the multi-agency system for development, there is no alternative but to have common forums and co-ordinating machinery to formulate and implement schemes for development. The individual identities and ethos, be they of financial institutions of Government departments, may need to be attuned to the required extent in subserving and achieving the common goal.

15.(i) Each Zonal/Regional Office of banks should have a small statistical cell which could train, guide and supervise
branch level staff in the early completion of various returns. At the branch as well as regional level, submission of various returns should be made an integral part of the annual assessment of the performance of the concerned staff.

(ii) The banks should constitute internal working groups to examine their management reporting system, weed out unnecessary or out dated returns and bring them in line with RBI returns so that the branches do not have to furnish the same information again and again.

(iii) To facilitate compilation of returns by the branches, banks should introduce back-up registers on the lines recommended by the Goiporia Working Group.

16. Monitoring at the DCCs has not been objective. The data availability had been unsatisfactory and whatever data were collected and made use of, had also been on the financial part, hardly any attention was paid to the physical targets. An assessment of achievement of the physical targets as also the assistance rendered by Government in this regard should also be introduced at the district level. In the Group's view, if the aforesaid twin aspects are continually monitored by the DCCs in dispassionate manner and prompt remedial steps taken to overcome difficulties, if any, the operational efficiency of DCP/AAP could be improved significantly.

17.(i) Training inputs on Lead Bank Scheme should be provided to all officials down to the block level in
Government and officers of rural branches of the financing agencies.

(ii) Banks and other financing agencies including the Co-operative training institutions should include inputs relating to Lead Bank Scheme in the general training programmes conducted by them.

(iii)(a) Banks should organise separate programmes on Lead Bank Scheme and district credit planning for their personnel connected with this work. District co-ordinators in non lead districts should also be exposed to such programmes. Government functionaries could also be invited to attend such programmes.

(b) Banks which are unable to organise such programmes on their own (e.g. those with limited or no lead responsibility) could participate in the programmes conducted by other banks and BTC or consider organising the programmes jointly. RBI, NABARD and other lead banks conducting their own programmes could assist these banks in organising joint programmes.

(iv) Training programmes arranged by the State Governments at their administrative training institutions for their officers down to the block level should include sessions on Lead Bank Scheme. The Lead Bank may be invited to explain the concepts of the scheme at these sessions.  

In order to study the nature and pattern of the set up of different organisations and their related problems in the wake of the Lead Bank Scheme, a field study has been carried out in the district of East Khasi Hills (undivided) in particular. In this Chapter, an analysis is made in regard to the organisational set up of different organisations involved in the execution of the Lead Bank Scheme in the State of Meghalaya.

6.2 ORGANISATIONAL SET-UP AT THE BRANCH LEVEL:

The Lead Bank Scheme calls for a better human resource and better organisational arrangement at the grass-root level. The branch managers are now most important persons involved in the preparation of credit plans. However, for the success of the Lead Bank Scheme a greater network of bank branches is a pre-requisite. A greater network of bank branch can effectively take up the credit needs of the rural people. Realising this factor, massive branch expansion was carried out under the Scheme by opening bank branches in the furflung rural areas. Alongwith the bank branch expansion, adequate manpower should also be provided in order to take up the job entrusted to them smoothly.

The implementation and execution of the Lead Bank Scheme requires adequate manpower at the branch level. Under the Lead Bank Scheme, while bank finance or credit assistance is given to the rural poor, importance is given not only on
the quantum of finance but also on the number of beneficiaries covered. This results in the large number of accounts maintained at the bank branch. These accounts need scrutiny at various stages and information of these accounts are to be provided in the form of submission of various returns as per the Reserve Bank guidelines. Sufficient number of staff in the branch level only can ensure timely submission of these returns and handling of these accounts.

If we look into the manpower position of the bank branches in Meghalaya it depicts a sorrow state. Opening of bank branches did not commensurate with adequate staff. The comments of the bank managers interviewed in regard to the adequacy of staff in the branch are shown in the table 6.1 and also analysed in the pie diagram.

Table 6.1

<table>
<thead>
<tr>
<th>RESPONSE</th>
<th>NO OF BRANCHES/BRANCH MANAGERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unsatisfactory</td>
<td>40</td>
</tr>
<tr>
<td>Manageable</td>
<td>15</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>61</strong></td>
</tr>
</tbody>
</table>

Source: Tabulated from field data.
FIG. 6.1

BRANCH MANAGERS' RESPONSE TO THE MANPOWER POSITION

Unsatisfactory: 65.6%
Satisfactory: 9.8%
Manageable: 24.6%
Out of the 61 branch managers interviewed and feedbacks received, 40 are of the view that the branches are not adequately staffed. This section which works out to 65.6% is not at all satisfied with the manpower position. However, a total of 15 branch managers did not have much complaint. Their view was that they were to pull on with the existing staff strength keeping in view the banks' policy against further recruitment. This section which account for about 24.6% seems to have resigned to the fate. It was interesting to note that a small section of bank managers comprising 9.8% of the total are quite satisfied of the staff strength. Their problem was not staff position but other general infrastructure.

In many cases, necessity of additional staff is not realistic. Most of the rural branches are confined to seasonal work pressure. Although apparently the branches are seemed to be understaffed, an additional staff may lead to idleness in them if the existing level of business continues. However, the 'extra' staff can be utilised properly if the other sides such as deposit mobilisation, monitoring, etc are taken up vigorously. This is true for most of the branches in the very remote areas.

With the introduction of Service Area Approach, the necessity of adequate staff has gained importance. The branch managers are now directly involved in the preparation of credit plans. This leaves the branch managers with less time
for the routine work of the branch. In this respect, additional supervisory staff is needed in the branch. The presence of field officer helps to look after the loans and advances with more effectiveness. In Meghalaya it is pity to notice that very few bank branches are provided with field officer, leave alone other technical or supervisory staff. In many cases a field officer looks after as many as 3000 loan accounts simultaneously for more than one branch. Most of the rural branches are run by a manager and a cashier which give them very little time to look after the critical side of the credits such as monitoring and recovery and they remain busy only with the day to day transactions.

The problem of manpower can be sorted out by the banker if there is proper Co-ordination between the branch managers and the controlling officer at the district level. If the difficulties faced at the branches are considered in a more sympathetic way by these officers, there will be a smooth path on way to the successful implementation of the Lead Bank Scheme. For this, these higher officials should go to the branches to get a first hand information and show concern for the staff in the remote rural areas. But as far as Meghalaya is concerned, this is completely lacking. These higher officials take up the complaints only through correspondence which ultimately find a place in the files only. Most of the branch managers interviewed were of the opinion that if these problems and difficulties are solved with greater concern, they can perform better and reach
desired level. On the other hand, the higher officials show the banks' financial condition as the reason for non-placing of additional staff. Many banks have already been running in an alarming situation. Hence further recruitment is to be restricted and the banks are to run with the existing staff strength.

6.3 ORGANISATIONAL SET-UP OF THE LEAD BANK:

The Lead Bank should have a proper organisational set up at the district level. This will ensure effective coordination of all financial institutions in the lead district to perform better as a group in their respective districts.

The State Bank of India, which is the lead bank in Meghalaya, has set up separate Lead Bank Department or cells in their regional as well as Zonal office. In the regional office, it is headed by the Divisional Manager and in the Zonal office they have the Zonal manager, Chief Manager (Lead Bank) and the Lead Bank officer (LBO) to look after the scheme.

In this regard useful contribution of the High Power Committee set up by the RBI in March, 1976 under the chairmanship of Dr. K.S. Krishnaswamy may be quoted.

"Lead Banks have been advised to appoint in each of their Lead Districts a Lead Bank officer with adequate supporting staff for the preparation and implementation of the DCPs upto 1976. 13 state Governments had set up separate
cells at state and district levels to maintain effective liaison between the Lead Banks and various departments of the State Government concerned as per the decision of the High Power Committee.

A Lead Bank officer (LBO) should normally be of the rank of the branch manager for the district headquarter branch. An LBO should look after exclusively the work relating to the Lead Bank Scheme.

The reporting by the LBO are to be made to the controlling offices which ultimately supervise the functioning in the district. The LBOs should be placed in a separate office fully equipped with infrastructures such as a vehicle for his duties, a junior officer or a statistical officer or a field officer and a few clerical staff exclusively for his duties.

In Meghalaya, all the seven districts have State Bank of India as the Lead Bank. There are only four LBOs for these seven districts. They are senior officers of the bank who are of the rank of junior Management. They have been holding the office for a period of 3 years at an average. They are experienced and also well trained for the job entrusted to them. However, almost all the LBOs are placed under the same roof of the Zonal office, SBI, Shillong, of course with separate establishments.
The LBOs in Meghalaya are well equipped with almost all the necessary infrastructures. They are in a position to deliver the goods without bothering for basic infrastructures. One of the important thing in Meghalaya is that all the LBOs are local people. This comes as a great help for the LBOs as they do not face any language problem, otherwise which, they would have faced communication problem in the grass roots which could have affected their performances.

The LBOs have also been given free use of the vehicles for his job. The region being predominantly hilly and communication not well developed, this factor goes a long way in helping the LBOs to perform better.

However, one factor disturbs the effective performance of the LBOs. It is almost an established fact that the banks transfer the officers after a period of every three years. The LBOs are not exceptions. Therefore, when an LBO is well acquainted with the problems of a particular district he is to give the charge midway and the new person taking his place will again take some more time to understand the problem. The state of Meghalaya in this regard is not an exception.

While the branch managers prepare the credit plans for his own service area, the LBO has a crucial role in this regard. He should provide necessary guidance and support to
(i) Making available information obtained from concerned District Authorities and other agencies regarding likely development 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.

(ii) 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, payment period, etc., the availability of refinance facilities from IDBI, NABARD as well as subsidy, if any, from Govt. and other agencies, etc.²

While performing these functions, the LBO should have close rapport and frequent consultation with the concerned officer of the State Government. In this connection the LBOs in Meghalaya could establish satisfactory rapport with the officials.

With the introduction of BLBC forum, the LBO becomes the Chairman of the Committee. This, along with the

2. Service Area Approach - Formulation of Credit Plan, RBI(RPCD), May 1988, p.p. 3
other developments in the Lead Bank Scheme, compels the LBos to attend the meeting of the BLBCs in his district. The attendance of the LBO in these BLBC meetings is satisfactory. However, there is diversed view regarding the supplying of information by the LBO to the branch managers. While a section of the branch managers is satisfied about the supply of information, the other section's view is that these are not forthcoming. However, they do not show any interest in these informations and prepare the credit plans without updating the figures.

From the study conducted regarding the organisational set up in the Lead Bank, it is found that the SBI, which is the lead bank in Meghalaya, has done a commendable job in setting up an effective cell which will go a long way in the effective functioning of the Lead Bank Scheme in Meghalaya.

6.4 ORGANISATIONAL SET-UP OF THE NON LEAD BANKS :

At the district level:

The non lead banks at the district level should have the District Co-ordinators. In those cases where there are less than five branches of a bank in a district, the district headquarter Branch Manager shall act as a District Co-ordinator. But if the number exceeds, the Regional Manager should act as a District Co-ordinator. In special cases the
Deputy General Manager may also be the District co-ordinator if the branches are in direct control of the Zonal office.

The District Co-ordinators of the non lead banks are to attend the meetings which are convened by the lead bank and play an active part in the meeting. It is the duty of the District Co-ordinators to inform his higher authorities about the problems faced at implementation level of the credit plans. The District Co-ordinators should also collect, compile the relevant data of all the branches in the district and arrange to submit them to the Lead Bank of the district and also to other concerned offices. In performing his duties, the District Co-ordinator should keep close liaison with LBO of the district. For effective implementation of the credit plans and submission of returns, etc., he should provide necessary help to the Branch Managers of the rural areas. Finally, his duty is to extend necessary co-operation to Lead Bank for effective implementation of the Lead Bank Scheme.

In this regard, one of the issues considered in the meeting of the High Power Committee (HPC) working on the LBS, held in August, 1981 may be mentioned.

"It was reported that many non-lead banks had not appointed District Co-ordinators in several districts on the ground that the DCC meetings were invariably attended by their Regional Managers. It was clarified that the District Co-ordinator is intended not only to represent the bank in
the DCC and other committee meetings, but also to fulfil a role in various other matters involving co-ordination at the district level. Even if the Regional Manager regularly attends the DCC meetings, it is necessary that the Manager of the bank's branch at the district headquarters (or the Manager of any other convenient branch, if there is no branch at the district headquarters) should be enabled to function as District Co-ordinator. Further, a Lead Bank cell under the charge of the District co-ordinator should be created to attend to all matters arising out of the LBS, where there are more than, say, five branches in the district."

In Meghalaya, apart from the SBI (which is the Lead Bank), there are altogether 16 other non-lead banks including the RRB and co-operative Bank. But the co-ordinators of these non-lead banks differ in their position and set up. Many of these banks have the Branch Managers (where there is single branch) as co-ordinators while a few have the Regional Manager as their District co-ordinator. The RRB and the co-operative bank have their Chairman as the District Co-ordinator for all the districts.

As the District co-ordinators are entrusted with responsibility for more than one district, in many cases, they seem to be overburdened. The DCC meeting, which is of vital importance for the District co-ordinators, can not be regularly attended due to large number of meetings that are to attend. Apart from the DCC meetings, these District co-
ordinators, being the representative of their respective banks, are to attend various other meetings relating to the LBS such as BLBC, SLBC, etc. This has a tendency to jeopardise the functions of the District co-ordinators. These lead to the ineffective role of the District co-ordinators in the important meetings.

It should be ensured that a particular branch manager should not be entrusted with multiple responsibilities and a proper span of control will provide better result from the District co-ordinators.

6.5 ORGANISATIONAL SET-UP OF THE RBI:

**Lead District Officer (LDO)**

The Lead District officer of the RBI is a liaison officer having no mandatory power over the agencies involved in the LBS. An LDO is normally a senior officer of the RBI. He is given the responsibility for about 4-5 districts to see the development under LBS.

As far as the North Eastern Region is concerned, there is one office of the RBI at Guwahati. But if we see the work load of each of the LDOs, we find that there are only 6(six) LDOs for the region comprising of above 60 districts. However, all the LDOs, who are senior officers of the RBI, are given proper training for the work entrusted. The major functions of an LDO are.
1. To attend the DCC meetings.
2. To attend the BLBC meetings.
3. To hold fruitful discussion with the LBOs.
4. To monitor the implementation of the credit plan and also the government sponsored programmes.
5. To make visit to the branches under his jurisdiction.
6. To monitor the procedures and instructions given by RBI.
7. To act as a link between the district level functionaries and state level functionaries.

With the introduction of Service Area Approach, the LDOs have become the leader in the committee to allocate the service area for each branch. Moreover, he has to draw up definite programmes in order to attend the BLBC meeting which is held once in a quarter.

As far as Meghalaya is concerned, one LDO is given all the seven districts under his control. Though the number of district under him seems to be numerically reasonable, it provides a few problems due to the geographical location and peculiar hilly conditions. Despite giving utmost importance to attend, the LDO sometimes fail to attend the meetings regularly, particularly the BLBC meetings. However, the LDO does not feel that he is overburdened and blames the others for his failure to attend the meetings. This, according to him, is the result of not sending the letters in time by the concerned offices.
Rural Planning and Credit Department (RPCD) :

This department was created to look after the LBS and also the priority sector advances. This department in the RBI is headed by the Joint Chief Officer (JCO). His works relate to the high level attention and he acts as the chief LDO over the LDOs. He generally regulates and directs the functioning of the LDO under him. The reports on the functioning of the LDOs are sent by him to the Head Office of RBI (Bombay). Thus the reports sent by him give a clear picture of the activities carried out by the LDOs in the districts.

In Meghalaya, the LDOs are doing commendable job despite the difficulties faced in this complex region. However, a lot more is expected from these LDOs as far as personal visit to the branches are concerned. The LDOs are providing support and help mainly in the higher level forums. It will be of much help in the success of the LBS if these officials from the RBI keep greater contact with the grass roots also.

6.6 ORGANISATIONAL SET-UP OF THE STATE GOVERNMENT :

The State Governments are required to have their own organisational set-up exclusively meant for the Lead Bank Scheme. The set-up ensures proper flow of data and information which is vital and essential in the preparation of credit plans without which the plans will not be
realistic. The suggestion of the Committee to Review Arrangement for Institutional Credit for Agriculture and Rural Development (CRAFICARD) may be mentioned in this regard.

"For the effective functioning of the DCC, its Chairman (i.e. the administrative head of the district) should have sufficient time to attend to the developmental needs and programmes of his districts. To this ends, some states have appointed senior officers of the rank of collectors in each district to relieve the head of the district of his routine work. We would urge that the experience of such arrangement in practice may be carefully examined and adopted with suitable modifications". ³

In line with the suggestion of CRAFICARD, the system of appointing of additional collector to relieve the collector of his routine function has to be implemented urgently where a separate cell should be created under a Focal Point Officer in each district to look after exclusively the LBS and priority sector lending. The Director of Institutional Finance at the state level should be responsible for monitoring the performance of DCC and also the participation of various concerned government officials and agencies.

In Meghalaya, there has been no concrete step taken to appoint a separate Focal Point Officer (FPO) who will come with relevant data in the meeting. In the absence of an FPO, the Director of Institutional Finance acts as the FPO. Sometimes the Deputy commissioner of the district concerned acts as the FPO. But the Deputy Commissioner, being the very important and busy person in the district has to look after a variety of functions and could hardly provide sufficient time for these meetings. Moreover, many a time, he fails to attend to such meetings on the ground best known to him.

In the light of the above difficulties a permanent FPO should be created who will look after the supply of necessary information from the government side.

6.7 **DIFFERENT FORUMS UNDER LBS:**

Introduction

Under the Lead Bank Scheme, the banks have assumed a dynamic role as agency for providing financial assistance. But in view of the magnitude of the task, they still have more role to play. The Lead Bank Scheme may go a long way to pave the way for all-round development of the region's economy. The banks alone can not, and are not, in a position to bring this development without the help from other institutions and agencies. Here lies the importance of forums of different financial institution, agencies and government departments.
The different agencies have their own set up and style of functioning. Therefore, to implement the Lead Bank Scheme successfully, these different agencies must be brought to a common platform at various stages without disturbing their normal activities. Therefore, under the Lead Bank Scheme, various forums are set up for proper communication and co-ordination among different agencies.

The various important forums under the Lead Bank Scheme are at various levels such as Regional level, State Level and District Level. At the regional level there is the Regional Consultative Committee (RCC) which is organised by the Govt. of India. In the state level the main forum is the State Level Bankers' Committee (SLBC). In the district level, the main forum is the District Consultative Committee (DCC) and at the grass root, in the block level, there is the Block Level Bankers Committee (BLBC).

The various important forum under the Lead Bank Scheme are also in existence in Meghalaya. Without these forums, there would not have been a co-ordination among the different agencies involved in the implementation of the Lead Bank Scheme in the State. Keeping this in view, an attempt will be made in this chapter to analyse the functioning of some of the important forums in the state of Meghalaya. In doing so, first we will analyse the forums at the grassroot level and then at the district level and finally at the state level.
6.8. BLOCK LEVEL BANKERS' COMMITTEE (BLBC) :

This is a newly constituted forum at the block level. After the introduction of service area approach, BLBC was formed to co-ordinate the activities of the bankers and the Government officials. All the banks operating in the block, including 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. are also the members of the forum. The Lead Bank Officer of the concerned district is the chairman of the committee. However in the absence of the LBO, the senior most branch manager of the lead bank presides over the meeting and also acts as a convenor. If the lead Bank has no branch in the block, 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 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 a quarter to perform the following functions.\(^4\)

\(^4\) Service Area Approach - Formulation of Credit Plan, Reserve Bank of India, Rural Planning and Credit Department, Central office, Bombay, May, 1988, P.4,5
(i) To discuss the credit plans of different branches and their aggregation into Block Credit Plan.

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

(iii) To consider operational problems in implementation of credit plans with special reference to enlisting the co-operation of State Government departments, etc. in provision of inputs, infrastructure and linkages.

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

(v) To allocate service areas to new branches opened in the block and

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

In Meghalaya the BLBCs are formed as per the guidelines. BLBC meetings in different blocks are conducted at somewhat regular basis. Though the meetings are conducted regularly but the 'once in a quarter' norm is not always maintained. BLBCs are to finalise the credit plans by 15th December every year. In Meghalaya, regular meeting are held for finalisation of credit plans. However, the meeting of
BLBCs are seemed to be confined to the interest of finalisation of credit plan only. The LDO of the RBI is satisfied about the performance of the BLBC and he himself is taking care to see that he attends as many BLBC meetings as possible. The branch managers were also asked about non attending or non conducting of all the BLBC meetings. They are of the view that too many BLBC (at least once in a quarter) meetings not only hamper their routine functioning but may also lead to unfruitful discussions. They are against holding too many meetings just for number purpose. However, the branch managers are expected to come out from this view and sincerely try to hold the meetings regularly for constructive purpose. Other problems such as co-ordination of different agencies and departments and correlation of individual branches may be sorted out in these BLBC meetings, if held regularly. Regular holding of meetings will ensure timely submission of the credit plans at the block level and ultimately help in formulation of district credit plan within the time limit.

6.9. **DISTRICT CONSULTATIVE COMMITTEE (DCC) :**

The main idea behind the Lead Bank Scheme is to co-ordinate the actions of banks and financial institutions together with the government departments for effective implementation of bankable schemes in order to bring development in the economy of the area concerned. Thus, the co-ordination among different agencies play a vital role in
the Lead Bank Scheme. In order to bring this co-ordination the RBI envisaged the formulation of an effective forum by the lead banks in the district by establishing the DCCs in the allotted districts.

The DCCs are to be constituted as a compact forum comprising of 20-25 members headed by the District Collector/Commissioner who will chair the meeting. The Lead Bank Officer of the concerned district becomes the convenor and the other representatives are from the Reserve Bank of India (Lead District Officer), representatives (District co-ordinator/ Regional manager/Divisional manager as the case may be) from the participating credit institutions in the district, representative from the various government departments at the district level, representatives from development agencies like NABARD, DIC, etc and any other member as per the requirements of the agenda.

In Meghalaya, the DCCs are formed in all the 7 (seven) districts. However, the no. of participants varies from DCC to DCC. The following table (6.2) shows the no. of participants in DCC meeting held during 1989-90 in East Khasi Hills District.

It is noted that the no. of participants vary considerably. If all the eligible participants are invited, the number may go as high as to 60. However, the no. is kept at a manageable one for effective functioning. In
### TABLE - 6.2

**NO. OF PARTICIPANTS OF DCC MEETINGS IN EAST KHASI HILLS DISTRICT (1989-90)**

<table>
<thead>
<tr>
<th>Date of the Meeting</th>
<th>28-11-90</th>
<th>30-04-90</th>
<th>13-12-89</th>
<th>04-10-89</th>
<th>13-02-89</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Participants</td>
<td>35</td>
<td>33</td>
<td>47</td>
<td>42</td>
<td>28</td>
</tr>
</tbody>
</table>

Source: Lead Bank Department, SBI Zonal Office, Shillong.

Meghalaya, not all the DCC meetings, are attended by the Deputy Commissioner who is supposed to chair the meeting and who is the Focal Point Officer of the government for the meeting. In his absence the Additional District Magistrate chairs the meeting. The tight schedule of the Deputy Commissioner is cited as the cause of non-attendance by him. It is found that the presence of the Deputy Commissioner has a telling effect on the meeting. Moreover, his presence will influence the other government officials in their participation as well as their role in the meeting.

It is observed that generally the government officials are somewhat reluctant to attend these meetings. But the mere presence of the Deputy Commissioner makes a great influence on the government officials' attitudes. There are instances when the Deputy Commissioner remained absent.
due to his prior engagement. In order to avoid the situation, a yearly calendar of the DCC meetings may be prepared in advance so that prior adjustments can be made.

From the interview with the branch managers, it was felt that there is a general feeling among the bankers that the government officials have a non-serious attitude towards the DCC meetings. This is even more strengthened and reflected when the government officials sometimes fail to interpret the basic of the Lead Bank Scheme.

The indifferent attitude towards the DCC is not only confined to the government officials. The bankers are also not free from this attitude. The participation and attendance of other non-lead banks also lacking which affect the functioning of banks in the district.

A welcome change in the thoughts and ideas would have been reflected if other non-members from different fields, eg. industry, trade and commerce, educational institutions, etc. are also invited to the DCC meetings. However, the bankers do not appreciate this change and do not want to give importance to their suggestions.

A representative from the RBI is expected to be present in the DCC meeting. But the RBI's representative in the DCC meeting is not satisfactory except in East Khasi Hills District. As far as attending the meetings are concerned, the LDOs of the RBI stated that there is no
administrative problem or overlapping problem. Their excuse was that they did not receive the notice in advance in many cases.

The DCC is the forum which is primarily concerned with the discussions and designing of the strategy for fulfilling the objectives of the Lead Bank Scheme. The various important functions of the DCC are

(a) To identify unbanked centres for the opening of bank branches in consultation with the government authorities.

(b) To review the implementation of the credit plan of the district and to monitor the overall progress, in physical and financial terms.

(c) To identify problems faced by the financial institutions and other development agencies in the implementation of various programmes and to take steps to overcome these difficulties.

(d) To evolve the strategy to implement the programmes for the priority sector and specially for the weaker section.

(e) To serve as a joint forum for discussing various developmental programmes and projects in the district for upliftment of rural poor.
In order to assist the DCC as well as the lead bank with expert knowledge, a task force was created by the RBI within the DCC in the year 1980 (and onwards) known as Standing Committee (SC). The committee should meet regularly at monthly intervals and act as a sub committee to ensure better functioning of the DCC.

As per the working group's report on the working of the Lead Bank Scheme (1982), some of the DCC meetings should be held as District Level Review Committee meeting.

As per RBI instructions the DCC should meet as frequently as possible, at least once in a quarter. The following tables (6.3 & 6.4) reveals the DCC/DLRC/SC meetings held in different periods in Meghalaya.

Two tables are given to see the number of meetings held before and after the creation of new districts, viz, Ri-Bhoi district and South Garo Hills district. The second table reveals the number of DCC meetings held in the seven districts during the year 1993. It is clear that East Khasi Hills, West Khasi Hills, West Garo Hills, Ri-Bhoi and South Garo Hills districts fulfilled the desired number and even crossed the number in certain cases. However, it was due to the combined DCC and DLRC meetings held in certain cases. The performance of Jaintia Hills district and East Garo Hills district was below the desired number which is 4 (four) in a year.
TABLE 6.3.

DCC/DLRC/SC MEETINGS HELD IN MEGHALAYA DURING THE YEAR 1989-91

<table>
<thead>
<tr>
<th>Name of the Districts</th>
<th>DCC (Quarterly)</th>
<th>DLRC (Half-yearly)</th>
<th>S.C. (Monthly)</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Khasi Hills</td>
<td>10-01-89 13-02-89 18-05-89 04-10-89 13-12-89</td>
<td>01-05-89 09-08-89 24-04-90 28-11-90</td>
<td>-</td>
</tr>
<tr>
<td>West Khasi Hills</td>
<td>19-04-89 14-06-89 09-08-89 06-12-89 03-04-90 07-11-90 12-02-90</td>
<td>01-05-89 09-08-89 30-04-89 14-06-89</td>
<td>16-11-90 06-02-91</td>
</tr>
<tr>
<td>Jaintia Hill</td>
<td>05-04-89 12-07-89 27-09-89 29-12-89 21-03-90</td>
<td>27-09-89</td>
<td>-</td>
</tr>
<tr>
<td>East Garo Hills</td>
<td>28-02-89 29-07-89 24-12-89 22-03-90 21-09-90</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>West Garo Hills</td>
<td>27-02-89 28-07-89 28-12-89 21-03-90 20-09-90 28-12-89</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

Source: Lead Bank Department, SBI Zonal Office, Shillong.
DCC/DLRC/SC MEETINGS HELD IN MEGHALAYA DURING 1993

<table>
<thead>
<tr>
<th>Name of the District</th>
<th>DCC (Quarterly) (No)</th>
<th>DLRC(Half yearly) (No)</th>
<th>SC(Monthly) (No)</th>
</tr>
</thead>
<tbody>
<tr>
<td>East Khasi Hills</td>
<td>4</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>West Khasi Hills</td>
<td>6(including 1 Combined DLRC)</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Jaintia Hills</td>
<td>3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>East Garo Hills</td>
<td>3(including 1 Combined DLRC)</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>West Garo Hills</td>
<td>3(including 1 Combined DLRC)</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Ri-Bhoi</td>
<td>6(including 1 Combined DLRC)</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>South Garo Hills</td>
<td>5(including 2 Combined DLRC)</td>
<td>2</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Lead Bank Department, SBI Zonal Office, Shillong.
Therefore, as far as DCC meetings are concerned, the state gives a somewhat satisfactory picture although there is room for improvement. The case of DLRC meeting is not satisfactory. West Garo Hills and South Garo Hills district could manage to hold the stipulated meetings. West Khasi Hills, East Garo Hills and Ri-Bhoi district could hold one meeting each during the year while East Khasi Hills and Jaintia Hills could not hold any DLRC meeting during the year. While the no. of DCC meetings is satisfactory and DLRC meetings average, the position of SC meeting in the state is pathetic. Both the tables clearly reveal the picture. During the year 1989-91, there were only 2 SC meetings in the 5 districts while during the year 1993, not a single SC meeting was held in the seven districts.

The bankers are of the view that the necessity or importance of DLRC is least as there are regular DCC meetings. The reason for non holding of SC meetings separately is that the SC meetings are held during IRDP review meetings which are convened at monthly intervals by the Project Director, District Rural Development Agency.

This lack of attendance (in some cases) in the DCCs (DLRC & SC) leads to serious concern for all at all levels. The purpose of the DCCs will be defeated if these are not rectified in near future.

The objective of the DCC meetings will be fulfilled if the concerned government officials and the bankers come
prepared for the meeting with up-to-date information. In this regard the role of Deputy Commissioner is of very importance as he can well tackle, with his vast administrative power, the problems the bankers face and provide remedial measures for the success of lead bank scheme in Meghalaya.

6.10. **STATE LEVEL BANKERS' COMMITTEE (SLBC):**

The SLBCs were formed in all the states as per the instruction of the Department of Revenue and Banking, Government of India way back in April, 1977. The purpose of the creation was to have a co-ordination of financial machineries at the state level. The objective of SLBC meeting is to take stock of performance by the banks to the various economic activities of states at quarterly basis. The SLBC should consist of the representative from the public sector and other commercial banks, RRB, State Co-operative Bank & Land Development Bank. Consequently, the inclusion of other officials from different institutions and government departments are also made for proper and meaningful discussion and effectiveness. The bank with greater network of operation in the state has to convene the meeting.

The main idea behind the SLBC meeting is to have a proper inter-bank co-ordination at policy and implementation level. The participation of all these organisations/institutions is useful to sort out any hindrances faced by the banks in implementing their plans and programmes.
In Meghalaya, the S.B.I. has been convening the SLBC meetings. The meetings are held regularly once in a quarter. As far as participation is concerned, the attendance is satisfactory. The no. of participants in the SLBC meetings held in various quarters are shown in the following table (6.5).

TABLE - 6.5

NUMBER OF PARTICIPANTS IN SLBC MEETINGS IN MEGHALAYA

<table>
<thead>
<tr>
<th>Date of the Meeting</th>
<th>28/2/90</th>
<th>19/6/90</th>
<th>24/10/90</th>
<th>25/3/92</th>
<th>25/9/92</th>
<th>30/11/92</th>
<th>24/3/93</th>
<th>21/6/93</th>
<th>22/9/93</th>
<th>30/11/93</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ho. of Participants</td>
<td>54</td>
<td>48</td>
<td>53</td>
<td>51</td>
<td>58</td>
<td>52</td>
<td>47</td>
<td>58</td>
<td>63</td>
<td>49</td>
</tr>
</tbody>
</table>

Source - DM, LB, Local Head Office, Guwahati.

It is revealed from the table that in the SLBC meetings in Meghalaya 50 people participate in an average which is a quite healthy figure. Generally the meetings are chaired by the General Manager SBI, LHO, Guwahati. In his absence the Deputy General Manager functions as the chairman. Apart from the bankers (top management and representative of each bank operating in the area) the other notable participants in the SLBC are NABARD Officials, RBI Officials, Co-operative Societies, Registrar, Director of Agriculture, Institutional Finance, Weaving, etc of the Govt of Meghalaya, IDBI Official, Project Directors, DRDA, AH & Vety Officials,
It is, therefore, seen that almost all the concerned agencies and departments are represented in the SLBC meeting in Meghalaya. This is due to the fact that there is no communication problem in holding the SLBC meeting at Shillong.

The forum has been reviewing the progress of banking activities in Meghalaya. The meeting reviews the Lead Bank Scheme which is in operation in the state. A peep into the agenda of the meeting held on 11-03-94 clearly shows the diversity of problems tackled in the meeting. There were as many as 16 agenda items. Among them the important ones are review of action taken on earlier recommendations/decisions, branch expansion, credit-deposit ratio, anti-poverty programme, annual credit plan, priority sector advances, functions of rural branches, review of working of RRB, review of 20 point programme, review of DCC/DLRC/SC meetings, advances for housing scheme, women entrepreneurs, minority communities, customer service, etc.

To get a clear picture of the banking activities in the state, the SLBC meeting is proposed to be convened in every quarter in every state with the performance data as prescribed by RBI of all banks functioning in the state.

Unfortunately, on every occasion of the meeting, the convenor bank is required to remind many of the
participating banks to submit the data since these are not received within the time frame decided in the meeting i.e. within one month after the end of the quarter. Inspite of this, many banks are in default in submitting the performance data in time. It is also observed that the data submitted are full of omissions and distortions. In this regard, the following examples may be cited.

1. No. of IRDP applications sponsored by the bank does not tally with that of applications sanctioned and disbursed, rejected and pending.

2. No. of applications disbursed exceeds the number of applications sanctioned. In this connection it is possible that applications sanctioned during the previous year are carried over to the reporting year which is not clearly spelt out in the column provided in the format, nor any effort made to reconcile the position for any logical conclusion.

The functioning of the SLBC in the state is satisfactory. Due to the presence of various government officials fruitful deliberations are taken place. The government officials give assurance to the bankers to solve some of the problems faced by them. Action points are taken for proper communication to various authorities to take effective measures. However, the most uniform complaint against the SLBC is that the information of the SLBC outcomes are not generally passed on to the grassroots in a proper way. On the other hand, the respective DCCs are also advised
to send the minutes of their meetings so as to enable these to be incorporated in the SLBC background papers.

Few bankers complain that the SLBC does only the follow up of the action points that come out in the meeting. Only the very important decisions are taken care of by the SLBC, ignoring the general problem of the banks in the area. This is evident from the fact that in Meghalaya, almost every SLBC meeting starts with the problem of C-D ratio of the state. However, so far no concrete decision or suggestion has been implemented to improve it. The participating banks should give top most priority in submitting the data well in time, so that complete picture of banking activities for the state is focussed in the agenda papers for meaningful discussion in the apex meeting like the SLBC forum.

6.11 CONCLUSION:

The various forums existing and functioning under the Lead Bank Scheme in Meghalaya are instrumental in ensuring co-ordination among different institutions and agencies. The co-ordination, thus found, help the bankers in the region to work for the success of the Lead Bank Scheme in the state. These are the forums in which various problems are sorted out with active co-operation. In order that these forums continue to help in the success of the Lead Bank Scheme and function even better than now, all the concerned parties to the forums must realise their part to play and
contribute wholeheartedly for the smooth functioning of the Scheme. Greater participation with positive attitude by all concerned will help in taking the state in the right direction to the path of economic development.