CHAPTER - X

SUMMARY, SUGGESTIONS AND CONCLUSION

- Introduction
- Summary of Findings
- Suggestions for the Effective Implementation of the LBS
- Conclusion
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SUMMARY, SUGGESTIONS AND CONCLUSION

10.1 INTRODUCTION:

The analysis made in different chapters lead to make a summary of the findings, forward suggestions and bring out a conclusion in this last chapter. In the previous chapters analysis was made about the Lead Bank Scheme and its impact on the field of deposit mobilisation, branch expansion, credit policy, organisational set-up, beneficiaries' behaviour, etc. The study was conducted for the state of Meghalaya with special reference to East Khasi Hills District. The LBS, which was introduced in Meghalaya two decades ago, has started to gain momentum. The LBS has become a crucial part of the banking activities in this area.

Through the present study, efforts were made to evaluate the impact of the LBS in the state of Meghalaya. It will be more meaningful a study if the main findings are summarised and suggest measures and steps to be taken for greater and better working of the LBS in Meghalaya for achieving an overall economic development of the State.
10.2 **SUMMARY OF FINDINGS**:

While conducting the study, information were collected from two sources, viz. primary source and secondary source. The information were collected from the controlling office of the Lead Bank and Non Lead Banks and also from the bank branches. Collection was also made from the beneficiaries during the field study. During the field study as many as 89 beneficiaries involving in 27 different schemes were interviewed. In the course of the study, the main objective was to see the impact of the LBS in the state and also difficulties faced by different agencies while implementing the scheme successfully. The main findings of the study are summarised under the following points.

**Infrastructural Problems:**

In Meghalaya the basic infrastructures relating to the implementation of the LBS are inadequate. The bank branch expansion in Meghalaya witnessed a rise of 144.19% over the period of twelve years ending December, 1993. As a result of bank branch expansion, there is a bank branch for every 9838 persons (1991 census) in the state. Out of the total 210 bank branch at the end of December, 1993, 139 branches are in the rural areas comprising 66.19% of the total. However, the branch expansion is below satisfactory level as there are still areas devoid of banking facilities and the average population per bank branch do not always reflect a real position as the region is sparsely populated.
As regard banks' deposit, it has risen by 882.93% over the last eleven years ending December, 1993 (from Rs.66.49 crore to Rs.655.56 crore). The rapid growth, however, is mainly due to the growth of deposit in the urban and semi-urban centres. However, total advances at the end of December, 1993 show a meagre figure of 118.59 crore.

The existing level of infrastructure in the state is not adequate for the smooth functioning of banks as an instrument of economic development. The major stumbling-block is the poor transport and housing facilities. Many branches do not have proper motorable roads, not to think of all weather roads. Most of the rural branches do not have proper housing facilities. This is one of the major obstacles in opening new branches in the rural areas. The branch managers or the field officers can not supervise all the schemes due to this poor infrastructure.

In many cases allocation of villages is also not done scientifically resulting in spreading out of beneficiaries over a large area for a particular branch. This results in poor communication with the beneficiaries.

Regarding the supply of inputs to the beneficiaries, the picture is far from satisfactory in Meghalaya. Storage facility is almost non existent. Proper supply of dairy units should be taken up to meet the local demand. Looms, etc, should be provided to the weavers at proper time, otherwise, the beneficiaries will be adversely
affected. Diary units should be a success considering the fact that there is no dearth of green grass in the hills of the state despite reckless felling of the trees.

Credit Plan:

For a realistic credit plan, reliable and up-to-date data is a pre-requisite and for that proper liaison must be established between the lead bank staff and the Government departments. Only this can ensure preparation of viable and bankable schemes.

In Meghalaya, preparation of credit plan is not done strictly according to the guidelines laid down. The relevant data are hardly updated and preparation of credit plans is not done as per the potentiality of a particular area. Because of this, we have seen that in a particular area too many alike schemes are sanctioned which are not economically viable. However, the preparation of credit plans on yearly basis for the period from April to March has helped both the bankers and the Govt. officials to reconcile the data.

Though the branch managers are entrusted with the preparation of Credit plan for their own branches, they are not given a free hand to set their own targets. This results in the preparation of credit plans, target of which can never be achieved by the branches.

The village profiles are hardly updated periodically. However, most of the branches receive a copy
of the credit plan on time. The targets for IRDP is never received in time.

Achievement of targets set under the credit plans is disappointing in Meghalaya as none of the sectors could achieve a desired result although service sector performance is slightly better. During 1990-91 the achievements under agriculture, industry and service sectors were 37.16%, 20.42% and 58.38% respectively. Overall achievement of the credit plan was only 41.59%. Therefore, there is no meaning in setting high targets if it can not be achieved.

Performance under priority sector advance is encouraging as compared to the all India level. As on December 31, 1993 the share of priority sector advance was 70.63% as against the national objective of 40%. The advance under direct agriculture is also satisfactory.

The most disappointing position, however, is the Credit-Deposit ratio of the state. At the end of December, 1993, the ratio was only 18.15% as against the national norm of 60%. All the banks are equally responsible for this poor achievement. However, among all the centres C-D ratio was highest in the rural centres. If the target set under credit plans is achieved, there is no reason why the C-D ratio can not be improved. The Land holding system in Meghalaya alongwith the poor recovery position of the loans granted are the major stumbling blocks in the attainment of improved C-D ratio. However it is unlikely that the national norm of
C-D ratio is a reality in the state considering the slow action taken in this regard.

Advances under DRI is encouraging. At the end of December, 1993, advances under DRI was 5.88% of the total advances. Government sponsored schemes like IRDP, SEEUY, SUME, etc. are not popular with the bankers as the recovery performance of these loans are very poor.

Organisational Arrangement and Different Forums:

For effective and better operation of the LBS, it requires adequate and efficient manpower. The bank branches in Meghalaya have felt the necessity of additional staff. Apart from clerical staff, need for special officers like agriculture field officer, specially in the rural areas, is felt immensely.

LBOs are well equipped with infrastructures like housing, telephone, vehicle, etc. However, LBOs of different districts should not be placed under the same roof but should be placed at their respective headquarters. Supply of updated information to the branch managers by the LBOs is far from satisfactory. Moreover, in some cases LBOs are not given adequate sub-ordinate staff. In this regard it was surprising to note the non-holding of important periodical meeting in one district only due to the reason that a typist was not available at that time.
The District Co-ordinators' role is pathetic. Most of the works are decided by the Lead Bank. The non lead bank Co-ordinators sometimes remain like mere spectators and raise their voices only when questioned or clarification sought. In those cases where there is only one bank branch in the district and the branch manager has to play the role of district Co-ordinator, he seems to be overburdened to attend too many meetings.

The Ka Bank Nangkyndong Ri Khasi Jaintia (RRB) as such has no separate lead bank cell. Almost all the major meetings are attended by the chairman himself.

The LDO of the RBI is overburdened as he is to look after seven districts whereas the optimum number should be 4 to 5. Though the districts are small in size, it is not so easy to cover them extensively as the state is predominantly hilly. The LDO fails to attend the BLBC meeting regularly. Although the reason cited by him is the non receipt of proper communication from the convenor, the actual reason lies elsewhere.

The organisational set up of the state government is poor. There is no Focal Point Officer (FPO), as such, for any district. The Deputy Commissioner acts as the FPO at the district level whereas the Director of Institutional Finance acts as the FPO at the state level. Many Government officials who are connected with the Lead Bank Scheme do not possess adequate knowledge about the scheme.
Forums:

In Meghalaya Block Level Bankers' Committees (BLBCs) are formed as per guidelines and are conducted by the Lead Bank (SBI) where the LBO acts as a chairman. However, meeting of the BLBCs in different blocks are not held at regular intervals and are mainly confined to the work of finalisation of the plan only.

The regularity and also the participation in the DCC meetings are satisfactory. However, the attitude of the Government officials in the meeting is not satisfactory. The regularity of the DLRC meeting is below satisfactory level.

The position of Standing Committee (SC) meeting is disappointing. During the year 1993, not a single SC meeting was held in all the districts of Meghalaya. The picture has been almost same for quite some time as only 2 meetings were held during 1989-91.

The periodicity and participation of State Level Bankers' Committee (SLBC) meeting in the state is satisfactory. The meetings have been conducted regularly at quarterly intervals. Participation in the SLBC meeting is also satisfactory. However, the outcome of the SLBC meeting is far from satisfactory. Hardly any constructive solution is evolved in the meeting. Most of the serious problems such as C-D ratio, etc., are discussed over and again with no solution in sight. All the banks do not submit up to date
data in the forum and also all the informations and outcomes of the forums are not tricked down to the grassroots.

Monitoring:

Monitoring of the loans is poor in the state. Pre-sanction monitoring is jointly done by the government officials and the bank officials. But post-sanction monitoring, is rarely done. Shortage of staff may be the reason of poor monitoring even then, with proper attitudes of the banker, the post sanction monitoring can also be made possible. Submission of returns is regular but they are often found defective as very often the previous figures are repeated in the data.

The poor monitoring and poor submission of data has lead to poor recovery of dues. Wilful defaulter is one of the major causes of poor recovery. Another reason for slow and pathetic recovery is the advancing of loan to many unviable schemes. Yet another factor is either the diversion or the abandonment of the scheme financed. The banks in the state could recover only 18.47% of the dues. When recovery camps are organised by the banks, government officials do not attend them regularly.

NPBWDs are not used properly by the bankers. In many cases it proves to be an additional holiday for the staff.
ARDR scheme has adversely affected the repayment. Borrowers wait for their turn to get relief under the scheme without understanding its actual implications. There is hardly any effort on the part of the bankers and the government officials to provide knowledge to these borrowers and persuade them to repay the loan.

Payment to middlemen and sometimes even to the bankers has greatly influenced the borrowers to remain defaulters. These borrowers are predetermined not to pay back the money because of the 'cut' from their loans.

Training:

Training to bankers under the LBS is far from satisfactory in Meghalaya. Many bankers, therefore, do not have adequate knowledge of the scheme. What they understand about the scheme is from their long time experience. However, a doze of training has been provided, as far as possible, to the bankers on the service area approach of the scheme. Moreover, the bankers' attitude towards the training programme is not positive.

Training to the government officials who are directly or indirectly involved in the Lead Bank Scheme is poor. A good number of them have not received any formal training on this subject. Therefore, many government officials among them are not aware about the real meaning of the scheme and their knowledge are confined to the general
business of banks only. This has resulted in behaving as rank outsiders in the meetings.

In Meghalaya, training to the beneficiaries has totally been neglected and overlooked. Of late, however, EDPs are conducted to educate the beneficiaries. These EDPs are conducted either by the State Bank of India or the District Industries centres. Most of the beneficiaries do not possess the minimum technical knowledge of the scheme for which the loan is sanctioned. The most disappointing thing is that the EDPs are not regularly attended by the bankers which result in rejection of many schemes on the ground that they are not bankable schemes.

There are various problems in the development of entrepreneurship in the state. They are lack of comprehensive programme for entrepreneurship development, absence of collaborative efforts by a number of organisations; absence of suitable organisational climate in the promotional agencies; lack of infrastructure, particularly transport and communication, lack of enthusiasm among bankers to finance small enterprises, lack of openness to welcome outside investment, etc. Moreover, the socio-psychological attitude towards industrialisation and lack of awareness among educated youths about entrepreneurial opportunities have also been hindering entrepreneurial development.
Beneficiaries:

The LBS is meant for the beneficiaries but this section is the most neglected and worst affected in the scheme. Many prospective beneficiaries do not know that they can also avail of bank loan. This is due to lack of proper guidance and lack of publicity. Beneficiaries are not selected, in many cases, on the basis of their knowledge and experience. The bankers are not sincere in advancing loans to the genuine borrowers but find themselves happy to fill up the targets by giving loans for the schemes which they feel are bankable. This results in too many schemes financed in a too small area. This has affected the beneficiaries adversely. Moreover, the financial requirement of the schemes are not entirely met by the bankers which results in non availability of adequate working capital. This situation is further aggravated by the 'cut' taken from the borrowers at various levels. This finally leads to diversion of the money to other activities, which may be un productive. The borrowers are also affected greatly by the complexity of the procedure and also the time taken in sanctioning a loan. The borrowers get frustrated and take the help of other source of finance at heavy rate of interest.

The genuine borrowers are also affected by the 'protection' received by the defaulting borrowers. Any instance of an action taken against these wilful borrowers would have been a moral booster for the genuine borrowers.
An attempt was made to see if there is any relation between the educational status of the borrower and their repayment schedule. Attempt was also made to see the relation between the sex of the borrowers and their repayment position. In both the cases significant relationship could not be established, although in Meghalaya it is found that the women folks are more conscious than their male counterparts.

**Hypotheses:**

The hypotheses tested in the study give the following results.

1. An overall evaluation of the Lead Bank Scheme in the state approves, to a great extent, our hypothesis that the LBS has not been successful to achieve a certain level of performance due to lack of infrastructure, coordination, branch network, and absence of technical staff. This conclusion has been arrived at after analysing the infrastructural facilities available in the State, Coordination of different financial institutions and agencies involved in the implementation of the Lead Bank Scheme, directly or indirectly, branch expansion programme undertaken in the state and the utilisation of the licences and a peep into the availability of technical staff such as field officer, etc. in the bank branches.

2. The Second hypothesis, however, has been disapproved in our study. The priority sector has been adequately financed in Meghalaya. Against the national norm
of 40%, advances under this sector in Meghalaya was 70.63% of the total. However, the agriculture sector has not received due attention.

3. The typical characteristic of the State being a tribal inhabited state has got no direct relation with the achievement under the Lead Bank Scheme. However, indirect influence can not be denied. Low level of entrepreneurship among the tribals is one of the factors influencing the low level of industrial activity in the state. Moreover, the tribes in the State observe the matrilineal line of descent in the family. The females are more enterprising than the males. But, the females face certain difficulties when they venture out for different activities.

10.3 SUGGESTIONS FOR THE EFFECTIVE IMPLEMENTATION OF THE LEAD BANK SCHEME:

On the basis of the study conducted and also the experiences gained at the field level study, the following suggestions are put forward which will provide a helping hand in improving the performance and functioning of the Lead Bank Scheme in Meghalaya.

Identification of Beneficiaries:

The Lead Bank and the DRDA personnel should actually take joint responsibility in selecting the beneficiaries. From the DRDA side, mostly the Gram Sevaks (village Level Workers) are entrusted in the work of
identifying the beneficiaries under the LBS. But they are not properly qualified to do so. In order to remove any defect in the base line survey, properly qualified persons, say Extension Officers, should be entrusted to do the job.

Actual household survey should be conducted jointly by the bank branches operating in a particular block to ascertain the credit needs of the rural poor. This will also ensure identification of bankable schemes as per the potentiality of the area.

Target Under Credit Plan:

Preparation of credit plan has undergone a tremendous change and has become a decentralised one. The branch managers should draw up the branch credit plan on a systematic and realistic basis for productive activities in the service area taking into account financial support and infrastructural facilities available. The banks should not set big targets under ACP to please the top boss, which is done at present, and fail to achieve them.

The procedure of preparation of credit plan has been clearly spelt out by the RBI. There should not be any complaint from branch managers if these are followed strictly as the targets are to be set by the branch managers themselves.

No action, as such, is taken by the RBI or the concerned bank against the erring officials who fail to
achieve the target set under credit plan. Even if explanations are sought, there is always ready answer for the lapses. This has created an atmosphere where the officials are of the feeling that nothing happens even if the targets are not achieved. Therefore, necessary action must be taken by the higher authority against these erring officials so that the bankers put extra effort to achieve the targets.

On the other hand, the controlling offices should review the performances of the credit plans at regular intervals and ascertain the reasons for any shortfall.

Proper liaison must be established between the Lead Bank Staff and the Government Departments for reliable economic data for the preparation of viable, bankable schemes and for estimating the demand for credit.

Infrastructure:

Basic infrastructure like all weather roads must be provided to the places of existing and proposed bank branches. It is to be ensured that proper housing facilities do exist for the branch as well as for the staffs so that the staff can devote more time for the actual work.

Steps should be taken to open new bank branches by utilising at least the existing pending licences. Special drive should be conducted to mobilise deposits for these branches.
Every bank branch should be provided with at least one Agricultural Field Officer. This will help in regular monitoring of the loans and also provide expert advice to the beneficiaries.

Different banks should establish their headquarters of Recruitment Board in the State Capital in order to facilitate recruitment on demand.

Attitudes:

1. The attitudes of the bank officials and staff along with the government officials have to be changed. They should have a sense of belonging to the district and the state. They should not consider the credit plan target as a formality.

2. There should be a consultancy cell in the Lead Bank Office where the branches can seek help in implementing the scheme.

Training:

To bring about changes in attitudes of the large workforce of the banking industry, the system of training must develop better ways and means. One such change will come if training can be shifted from the classroom to the field or work place. The 'on the spot clarification' is far better way of training a banker. This could be done if there is branch adoption by the trainers. It is only through the
commitment and involvement of the people that the banks can face the challenges of the future. The development of the human resource has to take a centre stage and it has to be a continuous process.

As far as training of beneficiaries are concerned, the implementing agencies should involve the state government and financing agencies more in the selection process. Agencies should appoint a Link Officer to liaise with banks. The RBI should issue directives to the respective banks to give priority to the trained persons for advancing loans. The implementing agencies should contact various public undertakings to participate in the training and development programmes of the entrepreneurs.

Marketibility:

1. Every district in Meghalaya should be provided with cold storage facilities. These should be utilised by the government agents who will purchase the produce from the beneficiaries under the LBS. Perishable items can be stored and thereby maintain the price line.

2. Every district should have sufficient number of warehouse and these should be located in suitable places. The excess produce, mainly agricultural, can be stored in these warehouses and these can be utilised at times of scarcity due to frequent bandhs, etc, other than natural calamities.
3. In absence of proper marketing facilities, poulty units have not come up successfully in the state. The provision of marketing facilities through co-operative societies can be explored which may in turn provide necessary inputs like feed, etc.

4. Banks should finance liberally, the qualified and experienced persons to take up the marketing profession exclusively.

Credit-Deposit (C-D) Ratio:

Credit-deposit ratio which is very poor in the state has to be given special attention. To improve the C-D ratio the following steps are suggested.

1. All avenues for investment should be explored through realistic formulation of annual credit plans.

2. District/areas with low C-D ratio should be identified and specific schemes formulated drawing upon local resources and skills of the people.

3. Close liaison should be maintained with the State Government Departments and development institutions so as to secure an adequate share of the business available at new growth centres.

4. Provision should be kept for direct housing finance in rural and semi-urban areas. This would not only
improve the C-D ratio but would also help the bank to meet its social obligations.

5. Recovery of dues has to be improved considerably so as to encourage the banks to go for liberal financing.

6. Different Self Help Groups and Non government Organisations should also be involved for fresh financing.

Recovery of Loans:

The most serious problem that plagues the banking industry in India is the problem of recovery of bank advances. Recovery of loan is an important aspect in the whole LBS as the funds are to be recycled to cover a huge number of beneficiaries. In certain cases the defaulters have the will to repay the loan but can not repay due to the reasons beyond their control. On the other hand, there are cases of borrowers who have the capacity to repay but do not pay on filmsy grounds. To improve the recovery position in Meghalaya, the following suggestion are forwarded.

1. In order to achieve the target, the banks go for finance without proper selection of the beneficiaries. Therefore, lending by the banks should strictly be need based rather than target based.

2. Proper post sanction monitoring must be done by the qualified staff of the bank so as to ensure proper
use of the loans granted, otherwise which, repayment of loan will be a distant dream.

3. The repayment schedule should be modified to suit the borrowers if the causes of default are found to be genuine after careful study.

4. The amount of loan should be sufficient to undertake the project and the same should be delivered without any unjustified wastage of time.

5. Recovery camps should be organised on a periodical basis. The district administration should take suitable actions to create a positive atmosphere among the masses. If in such camps sufficient recovery of old loans can be made, it will definitely encourage the banks.

6. As early as possible the Land Tenure System in Meghalaya should be modified so that the banks can have proper charge and acquire the land of the defaulters.

7. Banks should evolve their own machinery in regard to recovery and the government authorities should also render them adequate support. The bank officials must try to contact the borrowers personally and try to get their confidence and persuade to repay the loan. In case of wilful defaulters, who could not be persuaded, Bakijai Officers of the state government should be contacted and the legal steps should be taken against the defaulters.
8. In many cases, the schemes are found to be abandoned half way when the borrowers get government job. In such cases the employee or the higher authority of the employee should be communicated and steps should be taken to recover the loans from the salary of the erstwhile borrower.

9. The names of the defaulters along with the default amount should be hanged in the bank premises and a copy should be sent to the local newspaper for publish. The same should be repeated after a certain period of time. This will definitely jerk the ego of the defaulters and they will try to repay the amount so that their names do not appear in the newspaper again.

Other Suggestions:

1. Banks should take initiative to display a list of schemes for which bank finance is available in the local market or local newspaper and in local language. The advertisement should have information regarding the procedure to obtain bank finance, quantum of subsidies, repayment schedule, etc. In this regard the blocks can arrange for showing documentary films to the rural people. These films should explain in detail the processes involved in bank finance. These films should also show a few cases of successful beneficiaries under the LBS. It should clearly indicate the benefit of repaying the loan and also consequences of non repaying them. The idea that the bank loans are gifts from the Government will be removed from the
minds of the prospective borrowers. This will go a long way in creating a congenial atmosphere to induce the rural folks to venture for new activities and also keep the vested interested politicians and middlemen away from the people. The whole process should be conducted as a phased educative programme for the prospective borrowers and should be arranged invariably in every block.

2. The urban area bank branches should also be allotted service area so as to utilise the service of the specialised staffs.

3. The districts which are without any regional rural bank branch, should be brought under RRB branch network.

4. The Reserve Bank of India should provide a fund to the North Eastern Hill University to be utilised as a fellowship for the research work conducted in selected topics in the field of banking and economics in specific areas. This will greatly help the planners and policy makers to take necessary step towards the economic development of the state.

5. Although the Lead banks are the consortium leader they are without any real administrative power. The Lead Bank should be given some administrative power which they can use in instructing the other financial institutions and agencies involved in the LBS.
6. The success of Animal Husbandry Programme largely depend on veterinary facilities. However, this facility is not available uniformly in all the districts. Therefore, the Government should make a programme to provide for veterinary facilities in all the districts.

7. Instead of providing subsidy, steps should be taken, as far as possible, to replace it by interest free loans. This will make the borrowers more hardworking and dedicated. As regards the advances under DRI scheme, a welcome change can be thought about in line with the Bangladesh Grameen Bank where even the poorest of the poor also get loan only at the prevailing market rate of interest.

8. Inspite of the great potentialities, development of horticulture in the state is lagging far behind. Development of horticulture will go a long way in improving the economic condition of the people of the state. The major steps in this regard will be to bring more areas under horticulture. Tea plantation can also be given a boost. In this connection banks should come forward to finance more in horticulture. Separate agency to look after the development of horticulture should be created. At present horticulture is under the Agriculture Department of the state. While separating the horticulture departments, the existing staff in the Agriculture Department can be utilised and if needed, a team can be sent to other states
to know about the functioning of the department. Central organisations can be invited to take up the marketing of the produce. The state Government should help the Agricultural graduates to set up private firms with adequate financial assistance. Horticulture, if development properly, could be a viable and permanent alternative to the destructive practice of jhumming.

9. Due to deteriorating work culture in the bank branches, bank executives are facing problems with internal control and house-keeping. This leads to poor performances of the bank branches and lowering of images. Therefore, the visit of the executives should be more to the weak and erring branches. However, the executives must do their home work extensively before visiting the branch as it will minimise the wastage of time and also help in knowing the problems of the branches in advance for effective solution.

10.4 CONCLUSION:

The Lead Bank scheme was visualised as an instrument to bring positive change in the credit-delivery system mainly in the rural areas. Very few aspects in Indian Banking Industry can claim to have a better vision than this scheme. The scheme has brought a new found involvement of the banks towards economic development in conformity with the national plans and priorities. The scheme, no doubt, has brought noticeable changes to quicken the process of
economic development. The scheme has succeeded to a certain extent, in narrowing the gap between the 'class' and the 'mass'. The Lead Bank scheme has been able to make the rural people realise their roles in the balanced economic development. The services of banks in the interior rural areas, which was a dream years ago, has now become a reality.

The findings of the study establish the fact that the Lead Bank scheme has been able to create an impression among the rural people in the State of Meghalaya. However, it will be an injustice to truth if we end on an entirely positive note. There are still many shortcomings which are mainly responsible for the scheme not achieving a desired level of success in the state. Under the Lead Bank Scheme the Lead Bank was expected to act not as a monopolist in the district but as a consortium leader. Developing the district is not the sole responsibility of the lead bank but it is a collective job of the lead bank, other financial institutions and the development agencies of the district administration. But the co-ordination and co-operation of these institutions and agencies has not been achieved to a desired level in the state. Apart from other operational constraints, non committed attitude on the part of the concerned officials comes as a hindrance in the success of the Lead Bank Scheme. To carry out the task under Lead Bank Scheme the commercial banks are required to acquire a basic knowledge of the area allotted to them so as to enable them
to formulate suitable schemes of action. However, this is far from satisfactory level in the state which results in non viability of many scheme financed. Existing level of infrastructure also does not permit the success of the LBS to a desired level. Low level of credit-absorption capacity due to low level of economic activities, low level of recovery of advances, low level of consciousness among the people, etc are also the factors responsible for not achieving the desired level of success under the LBS in the State. Apart from these, deteriorating law and order situation of the state is also retarding the economic activities in the state. Lack of openness to welcome outside investment, corruption at the various levels, lack of supervision of the loans, political pressure, etc. are also playing the major roles in the snail's place development of the state.

Keeping the retarding factors in view, a few suggestions have been put forward under this present study. It is hoped that, if these suggestions are considered, with necessary modifications if any, by the planners, policy makers and thinkers while taking steps for the improvement of functioning of the Lead Bank Scheme, it will act as a catalyst in the success of the Lead Bank scheme in the State.

It can be said with justifiable confidence that if proper co-ordination can be established among these different institutions, agencies and State Government with a
positive frame of mind of the officials, close rapport is maintained between the bankers and the borrowers and above all a congenial atmosphere for economic activities can be ensured in the state the success of the Lead Bank Scheme can be a reality and the scheme can become an instrument of economic development.