

CHAPTER -VII

CONCLUSION AND SUGGESTION.

- 7.1. CONCLUSION.
- 7.2. SUGGESTION.
- 7.3. PROBLEMS BEFORE LEAD BANK.
- 7.4. SUGGESTIONS OVER PROBLEMS.

CHAPTER-VIICONCLUSIONS AND SUGGESTIONS.7.1 CONCLUSION:

The overall performance in term of credit to the various sector and scheme under District Credit Plan and Annual Action Plan has been remarkable when compared to the plan.

Table No. 7.1 shows that there was over achievement in respect of agriculture and allied activities, small scale industries, teritorial sector. In case of crop loan in all the plan target was exceeded. In irrigation loan there was also high achievement in the District Credit Plan 1980-82 and Annual Action Plan 1984. There appears to be an increased achievements of the loans given against the target of the farm equipment sector. The Gobar gas plant scheme showed over achievement in the Annual Action Plan 1983 , 1984 and 1985.

In the industrial sector the achievements against the targets have also been higher , but in case of rural and cottage industries , the Annual Action Plan 1983 and 1985 could not fulfil the targets.

As regards the tertarial sector over-all performance was satisfactory but in respect of education scheme in th e annual Action Plan 1984 and 1985 there was less achievement. Retail traders , small business and professional and self employed scheme showed that target was over achieved. Same was the case in respect of transport operation except A.A.P. 1984.

For understanding the reasons regarding the over achievements of some scheme and under achievement of some others, a detailed discussion was conducted with the Lead Bank Manager of Bank of India, Sangli. These reasons are described below -

A) Agriculture:

In case of agriculture sector there was higher performance, it was due to more share of the total outlay was given to the Sangli District Central Co-Operative Bank than the other banks. But the share allotted to Sangli D.C.C. Bank was estimated low than its actual potential.

1) Crop loan:

There was over achievement in all the Annual Action Plan. This was because of the use of modern practices on the one hand and changing crop pattern all other which had not given due weightage at the time of formulation of Annual Action Plan.

2) Irrigation loan:

The disbursement under irrigation loans were encouraging during the plan 1980-1982 and 1984. There was over achievement due to increased electrification in the rural areas of the district, crash well programme and also due to under estimation of target.

3) Horticulture:

This scheme was introduced in the year 1983 and showed very good performance from 1983 to 1985. It was due to increased in the irrigated area and grape cultivation in Tasgaon block.

4) Farm equipment:

Except 1982 there was over achievement in all the Annual Action Plan . The reason was increasing number of sugar factories .There was also increased in demand for tractors for transportation of sugarcanes.

5) Gober Gas:

This scheme was introduced in the year 1983 and got success in Annual Action Plan 1984 and 1985. The people realised the national importance of this scheme and hence there was over achievement.

B) Small Scale Industries:

There was over achievement under small scale industries in all Annual Action Plan which was mainly due to establishment of Maharashtra Industrial Development Corporation , coming of new industry and large scale expansion of existing units.

But rural and cottage industries performance was unsatisfactory in the year 1983 and 1985 which was due to lack of initiative , on the part of peoples, marketing difficulties and over estimation of target.

C) Tertiary sector:

1) Transport operator:

In case of transport operators there was over achievement than target in all Annual Action Plan except 1984 . It was due to increased demand for the purchase of trucks and other small vehicles like rickshaw. But in the year 1984 there was less achievement because of general slack in transport business.

2) Retail traders., and small business.

Under this scheme there was vast gap between target and achievement . It was mainly due to under estimation of target.

3) Professional and self employed.

In this scheme there was over achievement in all the Annual Action Plan. It was due to increase in the number of medical practitioners in Sangli and Miraj city.

4) Education loan:

Except in the Annual Action Plan 1983 the target under education loan has not been achieved due to less demand from the students for higher education within the Sangli District.

Higher performance reasons:

- a) New branches opened.
- b) Implementation of Integrated Rural Development Programme in all the blocks in the district with additional provision of subsidy.
- c) Increased additional provision on employment programme
- d) New schemes introduced such as Horticulture, Special Component, Plan.
- e) Enexpected increase demand for transport operators, small vehicles, except 1984.
- f) Excellent performance of individual banks.
- g) Inflation/increased in prices.

Reasons for under achievements:

- a) Many of the scheme proposed were based on Government department plan and programme. The Government plans and programmes did not materialised as expected .
- b) Shortage of technical and other staff both at the Government and bank level.
- c) Lack of support from Government ~~from~~ various schemes and agencies for implementation of various schemes.

7.2 SUGGESTIONS :

The following are the suggestions for better performance -

- 1) The planning and implementations do not seem to go hand in hand . This is reflected the wide variation between the targets and achievements. This has at times caused sectorial imbalances hence upsetting the overall plan . The planning should therefore be more realistic.
- 2) Most of the Bank seem to be interested in achieving the overall financial target stipulated . They should be exposed to the overall plan per-spective, so that their role become more positive.
- 3)The system of reporting by the financial institutions and Government department need to be systematised. Non availability of data during the formation of the plan has resulted in the plans becoming on realistic.
- 4) With the change in cropping pattern , cropping intensity in the district, there should be a corresponding change in the Annual Plan Outlays under agriculture sector.

If such adjustments are not made in the district plan from time to time the over planning frame may not remain realistic.

5) Commercial banks have ~~have~~^{xxxx} no doubt created an impact in the rural areas by reaching a large number of agricultural borrowers but it has to now take a keener interest in other related activities so that an integrated approach may be made.

6) The banks have to further strengthen their technical and field staff . It was observed that in branches where the required technical staff were undertaking this activity there was more liason with the borrowers.

7.3 PROBLEMS :

The following problems are faced by Lead Bank.

1) Allocation :

Persuading other financial institutions operating in the district to share the responsibilities for implementing the credit plan is another task of lead bank. This is being done at bankers meeting specially conveyed for the purpose where share of each financial institutions in credit plan outlay is decided by mutual concert and discussion taking into account its branch network. The accepted levels are then communicated to D.C.C.. In the process of allocation there have been some difficulties. Many times banks accept commitments but do not confirm their acceptance in time and this creates a very difficult situation for the lead bank.

2) Monitoring

The lead bank is expected to assess the District

Consultative Committee is monitoring the implementation of credit plans. For this purpose lead bank is expected to collect information regarding progress made by individual bank in implementing various schemes included in the credit plan. However lead bank is not getting the progress report from other banks. Consequently the monitoring of the plans becomes difficult. Bank also do not give sector-wise details of progress.

3) Problems of organisation:

Since most credit plans have a substantial portion of agriculture credit the bank branches have to strengthen their staff to co-ope with this responsibility. It has been observed that banks have accepted responsibility of additional credit, but have not strengthened the branches by placing additional staff. This has been one of the major difficulty in plan implementation.

4) Recovery problem:

Co-Operatives have their own problems of organisation and overdues which ~~prezent~~ prevent them from taking up their full load.

5) Problem of synchronisation:

The Lead Bank prepares Annual Action Plan for the next year in the month of September. For this it considers achievements upto 30th September and makes estimation for their achievements for the remaining three months. But in case of other banks they prepare budget in the month of January/February. Nat~~u~~rally their provision regarding scheme some times requires to be

6x)

cut down and it leads into less achievements.

6) Support:

Lead Bank is not getting support from Govt. various schemes and agencies for implementation of various schemes.

7.4 SUGGESTIONS OVER PROBLEMS :

A) General:

- 1) The Lead Bank should formulate bankable scheme based on resources potential.
- 2) The establishment of an effective rapport co-ordination between the Govt. at different level and the Lead Bank is an important pre-requisite for operation of the scheme.
- 3) Rapport between the banks and the Govt. and the officials with banks financial programme should not be restricted to the District Headquarters but should percolate to the village branch level.

B) Bankable scheme:

- 1) The Lead Bank should bear the responsibility for drawing up the scheme , they should make the use of all informations available in this regard with the State Govt.
- 2)The scheme should be prepared by banks themselves and reliance on outside agency for this purpose should be avoided.

C) Implementation:

- 1) The schemes drawn up should be implemented collectively, by the Commercial and Co-Operative Banks.
- 2) The participating banks should have sufficient staff for implementing Lead Bank Scheme

D) Annual Action Plan:

Once bank accepts goals for loaning under various schemes it is expected to work out its allotment among its various branches. It branch should then include it in its annual branch budget and worked out the details of the co-operation it would need from other official agencies.

E) District Consultative Committee:

1) District Consultative Committee should assume the task of overall monitoring of the progress of the scheme.

2) The presence and active participation of District Collector, other officials and representatives of all banks are essential.

...