

CHAPTER - VI

CONCLUSIONS AND RECOMMENDATIONS

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CHAPTER - VICONCLUSIONS AND RECOMMENDATIONS6.1 INTRODUCTION :

The Lead Bank Scheme is catalytic agent of overall economic development of particular district. The Lead Banks assess the credit gaps and identify potential growth centres. They provide leadership to initiate and quicken the process of economic development in the selected district. They function in the allotted lead district in matters relating to deposit mobilisation, identification of prospective avenues for financial assistance and ensuring adequate utilisation of economic potentialities in the district. Thus the lead bank scheme becomes an important means to involve commercial banks in rural development in planned and coordinated manner.

Evaluation of the performance of Lead Bank scheme with particular reference to Sindhudurg District as has already been attempted in Chapter IV. is based on the four calander years i.e. 1985 to 1988, on the basis of this study following conclusions and recommendations can be deduced.

This chapter first attempts to highlight short coming of Lead Banks Scheme, ^{secondly,} in account of praiseworthy achievements is taken. Lastly an attempt is made to give some

suggestions in order to remove deficiencies in the scheme and to make it more effective.

6.2 CONCLUSIONS :

Following are the main conclusions of this study.

1. The various agencies concerned with District Credit plan mechanism do not seem to share the same perspective. At the branch level, both in lead banks and nonlead banks, the branch managers were often not aware of the targets for the branch under DCP/AAP and even in those cases in which he had such information his lending was governed by performance budget which was not linked to the committee under Annual Action Plan.
2. The achievement of overall target was more a matter of accident than due to realistic planning and conscious implementation of the plans as such.
3. District Credit plan did not reflect the credit demand and the resources availability in a balanced manner.
4. The target fixed in credit plan by the Lead Bank, particularly for the year 1985 and 1986 were not fixed after taking into consideration the probable requirement, hence shows abnormal performance.

5. Performance under Horticulture shows quite poor performance.
6. In each credit plan, large provision was made for Agriculture and Allied Sector but particularly Dairy, Poultry and fisheries which are the main activity in the district have not been up to the mark.
7. Maharashtra State Financial Corporation is included in the credit plan only from 1988.
8. The district coordinator has not been able to function in an effective manner in absence of authority over other branches of his bank.
9. The credit plan has taken into consideration the physical and financial resources and in a way it is quite satisfactory. However, the plan has emphasised and given place only to traditional activities. The credit plan lacks innovative schemes which are necessary to change the face of this stagnant, dependent economy.
10. Even though all such activities as fishing, horticulture, dairy, poultry have all been included in the credit plan, these sectors have not been given that much importance. The credit allotment to these activities is very less as compared to agriculture sector.

11. Though credit plan of the District is suppose to follow the guidelines of Reserve Bank of India as regards priority overall sector credit allotment it needs some overall change in Sindhudurg District. Agriculture in this district is by very nature is not a paying proposition and hence there can be division of these funds to other meaningful secondary all thrtiary activities.

12. The Land Development Banks, an important agency for long term productivity enhancement is not fully utilised in the district. This needs a change.

13. The Economy of the district appears to give more importance to trading sector.

. Following is the account of the main achievements of this schemes. :

1. Overall performance of Lead Bank Scheme in Sindhudurg District is quite satisfactory. Since its inception in the District, the Lead Bank identified 26 Growth Centres and opened 26 banks branches in the district. It is praiseworthy feature of the scheme.

2. While preparing the credit plan, that the lead bank has touched almost all important sectors and subsectors which are important from development point of view in the economy of Sindhudurg District.

3. The Lead Bank Scheme in Sindhudurg District has made great efforts in Mobilising the Deposits which shows the growth rate at 62.50%.
4. Identification of credit gaps is the main objective of the Lead Bank scheme. The Lead Bank has handled this task ably and has disbursed total credit of Rs. 45.92% crores which shows the growth rate at 258.75% which is quite satisfactory.
5. The Lead Bank of Sindhudurg District has made remarkable efforts in branch expansion and this way has extended the banking services to still more villages in interior parts.
6. The Lead Bank has been successful, at least to some extent in changing the attitude of Konkani people towards credit. They are coming forward in an increasing number to avail of the credit facilities. Slowly but surely this change is giving help in changing the nature of the economy.
7. The flow of data through the information system of the lead bank scheme has been quite satisfactory.

6.3 RECOMMENDATIONS :

1. It is desirable to furnish branch wise credit outlay in AAP.
2. It is necessary that banks review the performance of their

branches viz. a vis the shares in DCP/AAP accepted by them not only in their lead district but also in other district in which they operate.

3. Govt. should open training centres for horticulture development.
4. Govt. should provide facility regarding the green fodder adquatly so that good milk animals, the dairy activity will improve an large scale.
- 5 Govt. should start a poultry training centre in this district.
- 6 The Credit plan should allot more percentage of credit to horticulture, fisheries, dairy and poultry. In this connection the lead bank should make an effort to identify credit gap in these activities.
- 7 In order to utilise the women labour of aged, retired labour power in this region, the lead bank should identify the small scale entrepreneurs and try to empharise this sector.
- 8 The Land Development Banks should be asked to change their approach to the people. There is tremendous scope to this agency which remains unutilised at present.
9. Monthly meetings of managers of all banks operating and assisting in the scheme be called to review the performance.

19 While preparing the AAP, the manager of all banks should be consulted so that the size and demand of the credit can be fixed near the real requirement of the district.

An effort to remove the above mentioned short comings and to implement the recommendations will certainly assist in making the Lead Bank Scheme more effective.